Interfaith Youth Core

Financial Report

July 31, 2018

Contents

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Independent Auditor's Report

To the Board of Directors
Interfaith Youth Core

We have audited the accompanying financial statements of Interfaith Youth Core ("IFYC"), which comprise the statement of financial position as of July 31, 2018 and 2017 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 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 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 Interfaith Youth Core as of July 31, 2018 and 2017 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 13 to the financial statements, the 2017 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Plante & Moran, PLLC

December 6, 2018

Statement of Financial Position

July 31, 2018 and 2017

	2018	2017 (As Restated)
Assets		
Current Assets		
Cash	$ 4,441,693	$ 4,858,695
Investments (Note 3)	3,624,574	2,058,426
Accounts receivable - Net	89,344	107,875
Short-term portion of grants and contributions receivable (Note 4)	4,932,547	4,787,500
Prepaid expenses and other current assets	493,506	279,042
Total current assets	13,581,664	12,091,538
Grants and Contributions Receivable - Net of current portion (Note 4)	4,683,490	6,177,727
Property and Equipment - Net (Note 5)	255,145	329,543
Total assets	**$ 18,520,299**	**$ 18,598,808**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 105,245	$ 319,347
Accrued liabilities and other:		
Accrued payroll	92,934	122,264
Short-term portion of deferred rent (Note 8)	14,419	6,697
Other accrued liabilities	58,810	32,817
Deferred revenue	41,382	33,662
Total current liabilities	312,790	514,787
Deferred Rent - Net of current portion (Note 8)	155,606	170,025
Net Assets		
Unrestricted:		
Undesignated	5,328,920	4,157,900
Board designated	250,000	-
Total unrestricted	5,578,920	4,157,900
Temporarily restricted (Notes 6 and 13)	12,472,983	13,756,096
Total net assets	18,051,903	17,913,996
Total liabilities and net assets	**$ 18,520,299**	**$ 18,598,808**

Statement of Activities and Changes in Net Assets

Years Ended July 31, 2018 and 2017

	2018				2017 (As Restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Gains, and Other Support								
Individual contributions	$ 394,911	$ 2,718,231	$ -	$ 3,113,142	$ 538,906	$ 600,000	$ -	$ 1,138,906
Grants and contributions	915,545	2,780,000	-	3,695,545	829,424	4,316,000	-	5,145,424
Corporate grants	-	-	-	-	-	500,000	-	500,000
Publications	8,774	-	-	8,774	7,091	-	-	7,091
Seminars and workshops	41,169	-	-	41,169	56,285	-	-	56,285
University revenue	111,500	-	-	111,500	224,611	-	-	224,611
Net realized and unrealized gains on investments	3,500	-	-	3,500	2,832	-	-	2,832
Interest and dividends	31,697	-	-	31,697	8,802	-	-	8,802
Honoraria	333,850	-	-	333,850	358,721	-	-	358,721
Foundation earned revenue	30,000	-	-	30,000	9,000	-	-	9,000
Donated services and facilities (Note 9)	9,731	-	-	9,731	11,884	-	-	11,884
Other revenue	3,187	-	-	3,187	15,851	-	-	15,851
Survey contract revenue	9,500	-	-	9,500	-	-	-	-
Net assets released from restrictions	6,781,344	(6,781,344)	-	-	5,848,446	(5,848,446)	-	-
Total revenue, gains, and other support	8,674,708	(1,283,113)	-	7,391,595	7,911,853	(432,446)	-	7,479,407
Expenses								
Program expenses:								
Campus partnerships	1,425,774	-	-	1,425,774	1,329,113	-	-	1,329,113
Leadership	2,083,052	-	-	2,083,052	1,935,946	-	-	1,935,946
Communications	2,248,429	-	-	2,248,429	1,772,885	-	-	1,772,885
Support services:								
Management and general	679,928	-	-	679,928	791,485	-	-	791,485
Fundraising	816,505	-	-	816,505	640,708	-	-	640,708
Total expenses	7,253,688	-	-	7,253,688	6,470,137	-	-	6,470,137
Increase (Decrease) in Net Assets	1,421,020	(1,283,113)	-	137,907	1,441,716	(432,446)	-	1,009,270
Net Assets - Beginning of year	4,157,900	13,756,096	-	17,913,996	2,716,184	14,188,542	-	16,904,726
Net Assets - End of year	**$ 5,578,920**	**$ 12,472,983**	**$ -**	**$ 18,051,903**	**$ 4,157,900**	**$ 13,756,096**	**$ -**	**$ 17,913,996**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2018

	Program Services				Support Services		
	Campus Partnerships	Communications	Leadership	Total	Management and General	Fundraising	Total
Salaries and related expenses	$ 851,981	$ 888,334	$ 902,897	$ 2,643,212	$ 380,933	$ 484,540	$ 3,508,685
Employee benefits	128,871	169,020	124,420	422,311	15,375	51,591	489,277
Payroll taxes	57,191	62,607	64,130	183,928	26,720	28,564	239,212
Total salaries and related expenses	1,038,043	1,119,961	1,091,447	3,249,451	423,028	564,695	4,237,174
Professional fees	6,334	98,481	12,064	116,879	27,346	4,950	149,175
Accounting fees	-	-	-	-	26,900	-	26,900
Information technology services	30,880	34,301	38,789	103,970	41,343	13,766	159,079
Supplies	2,547	15,966	393,081	411,594	11,367	48,169	471,130
Computer-related expenses	749	12,891	1,059	14,699	15,019	327	30,045
Telephone and telecommunications	7,117	8,321	9,799	25,237	5,555	4,120	34,912
Postage, shipping, and delivery	20	105,405	3,372	108,797	3,631	1,711	114,139
Books, subscriptions, and reference	815	9,152	1,918	11,885	1,495	8,369	21,749
Printing and copying	1,065	2,304	1,534	4,903	3,976	5,567	14,446
Fees and charges	-	41	1,446	1,487	2,578	3,114	7,179
Staff development	2,706	1,258	3,616	7,580	10,473	79	18,132
Occupancy expenses	75,502	80,655	93,699	249,856	41,962	33,548	325,366
Travel expense	49,899	28,241	107,354	185,494	18,848	44,920	249,262
Meetings expense	-	13	-	13	-	2,076	2,089
Depreciation	9,269	60,703	12,237	82,209	4,293	4,154	90,656
Insurance	1,513	1,571	1,652	4,736	22,157	668	27,561
Other expenses	3,915	1,943	3,401	9,259	18,957	1,397	29,613
Scholarships and stipends to individuals	-	40,200	95,459	135,659	-	15,000	150,659
Grants to other organizations	195,400	627,022	211,125	1,033,547	1,000	59,875	1,094,422
Total functional expenses	**$ 1,425,774**	**$ 2,248,429**	**$ 2,083,052**	**$ 5,757,255**	**$ 679,928**	**$ 816,505**	**$ 7,253,688**

See notes to financial statements.

Statement of Functional Expenses

Year Ended July 31, 2017

	Program Services				Support Services		
	Campus Partnerships	Communications	Leadership	Total	Management and General	Fundraising	Total
Salaries and related expenses	$ 774,134	$ 783,526	$ 826,683	$ 2,384,343	$ 404,873	$ 440,790	$ 3,230,006
Employee benefits	115,316	140,403	136,989	392,708	43,491	51,896	488,095
Payroll taxes	55,376	58,277	62,638	176,291	23,160	28,083	227,534
Total salaries and related expenses	944,826	982,206	1,026,310	2,953,342	471,524	520,769	3,945,635
Professional fees	5,595	109,224	8,165	122,984	65,894	2,356	191,234
Accounting fees	-	-	-	-	26,500	-	26,500
Information technology services	27,788	32,107	51,709	111,604	51,347	12,238	175,189
Supplies	28,400	6,924	414,555	449,879	15,462	17,142	482,483
Computer-related expenses	1,073	7,552	1,313	9,938	6,046	455	16,439
Telephone and telecommunications	9,560	9,780	14,343	33,683	5,874	4,906	44,463
Postage, shipping, and delivery	691	48,669	8,200	57,560	5,547	1,596	64,703
Books, subscriptions, and reference	244	7,461	931	8,636	884	7,306	16,826
Printing and copying	255	480	516	1,251	8,023	9,739	19,013
Fees and charges	-	198	1,476	1,674	3,872	1,787	7,333
Staff development	2,509	2,424	4,236	9,169	22,521	615	32,305
Occupancy expenses	68,148	75,020	82,828	225,996	38,389	29,345	293,730
Travel expense	46,836	29,144	92,981	168,961	6,098	21,102	196,161
Meetings expense	12,297	8,117	20,111	40,525	4,956	3,666	49,147
Depreciation	7,716	29,844	9,795	47,355	14,360	3,398	65,113
Insurance	7,314	7,916	8,455	23,685	3,586	3,070	30,341
Other expenses	1,197	7,087	3,373	11,657	40,602	1,218	53,477
Scholarships and stipends to individuals	15,000	8,735	63,159	86,894	-	-	86,894
Grants to other organizations	149,664	399,997	123,490	673,151	-	-	673,151
Total functional expenses	**$ 1,329,113**	**$ 1,772,885**	**$ 1,935,946**	**$ 5,037,944**	**$ 791,485**	**$ 640,708**	**$ 6,470,137**

See notes to financial statements.

Statement of Cash Flows

Years Ended July 31, 2018 and 2017

	2018	2017
Cash Flows from Operating Activities		
Increase in net assets	$ 137,907	$ 1,009,270
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	90,656	65,113
Contributed stock	(550,040)	(383,492)
Bad debt expense	2,955	1,360
Realized and unrealized gains on investments	(3,500)	(2,832)
Deferred rent	(6,697)	161,861
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	18,531	120,945
Grants and contributions receivable	1,346,235	1,861,676
Prepaid expenses	(214,464)	39,170
Accounts payable	(214,102)	265,628
Accrued payroll	(29,330)	19,103
Other accrued liabilities	25,993	6,709
Deferred revenue	7,720	8,257
Net cash provided by operating activities	611,864	3,172,768
Cash Flows from Investing Activities		
Purchase of property and equipment	(16,258)	(344,112)
Purchases of investments	(3,487,648)	(700,000)
Proceeds from sales of investments	1,925,000	213,935
Sale of contributed stock	550,040	383,492
Net cash used in investing activities	(1,028,866)	(446,685)
Net (Decrease) Increase in Cash	(417,002)	2,726,083
Cash - Beginning of year	4,858,695	2,132,612
Cash - End of year	**$ 4,441,693**	**$ 4,858,695**

See notes to financial statements.

Note 1 - Nature of Business

Interfaith Youth Core (IFYC), located in Chicago, Illinois, is a nonprofit corporation. Established in 2002, IFYC's vision is to build a society in which interfaith cooperation is a social norm. Rather than succumb to the notion of the inevitability of religious conflict, IFYC seeks to transform America into a nation that sees its religious diversity as a strength. Focusing on the higher education sector for its catalytic impact on broader society, IFYC has four strategically aligned program areas:

Model Environments - IFYC partners with campuses to implement consultations, devise assessment resources, and steward relationships over the long term, achieving sustainable institution-wide shifts embedding interfaith cooperation.

Leaders - IFYC trains, cultivates, and networks a set of campus leaders, including students, staff, faculty, administrators, and alumni to advance interfaith cooperation within their spheres of influence.

Knowledgebase - IFYC contributes to and curates a knowledgebase that provides the theoretical core to undergird practice.

Communications - Communications programs give voice to the interfaith movement through a range of media platforms and change public discourse from the inevitability of religious conflict to the possibility of interfaith cooperation.

IFYC's funding is derived primarily from individual and foundation gifts, seminars and workshops, speaking honoraria, and university contracts.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of IFYC have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Classification of Net Assets

Net assets of IFYC are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting IFYC's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

IFYC currently does not have any permanently restricted net assets.

In 2018, the board of directors created a board-designated endowment fund, which is classified as board-designated net assets (unrestricted) in the statement of financial position. This designation is based on board action, which can be altered or revoked at a future time by the board of directors.

Investments

Investments are carried at fair value. Realized and unrealized gains and losses are recorded in the statement of activities and changes in net assets based on the specific identification method. IFYC's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near term and could materially affect the amounts reported in the statement of financial position.

Note 2 - Significant Accounting Policies (Continued)

Accounts, Grants, and Contributions Receivable

Accounts receivable consist of amounts due for services rendered. Receivables are carried at original invoice amounts. IFYC's contributions receivable are composed primarily of grants and allocations committed from various funding agencies for use in IFYC's activities. Management monitors the collection of these receivables on a periodic basis, and amounts are written off when deemed uncollectible. Management believes that all grants and contributions receivables are fully collectible. The allowance for doubtful accounts receivables was $9,360 as of July 31, 2018 and 2017.

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions with donor-imposed time or purpose restrictions are reported as temporarily restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions. Contributed stocks are sold upon receipt, unless there are donor restrictions restricting the sale of such stocks.

Property and Equipment

Property and equipment are recorded at cost and depreciated over their estimated useful lives using the straight-line method. Leasehold improvements are depreciated over the shorter of their useful lives or the lease term. Costs of repairs and maintenance are charged to expense as incurred.

Income Taxes

IFYC is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce different amounts.

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for IFYC's year ending July 31, 2020. The ASU permits application of the new revenue recognition guidance to be applied using one of two retrospective application methods: retrospectively to each period presented (full retrospective method) or retrospectively, with the cumulative effect of initially applying the guidance recognized at the date of initial application (the cumulative catch-up transition method). IFYC will most likely adopt the cumulative catch-up method if the implementation of the standard does not result in a significant adjustment. IFYC is reviewing its various revenue streams and does not feel this standard will have a significant impact on the timing of revenue recognition. However, IFYC does expect to have expanded disclosures as a result of the new standard.

Note 2 - Significant Accounting Policies (Continued)

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for IFYC's year ending July 31, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on IFYC’s financial statements as a result of IFYC's operating leases, as disclosed in Note 8, that will be reported on the statement of financial position at adoption. Upon adoption, IFYC will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the statement of activities and changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU No. 2016-14 requires significant changes to the financial reporting model of organizations that follow FASB not-for-profit rules, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. The ASU will also require changes in the way certain information is aggregated and reported by IFYC, including required disclosures about the liquidity and availability of resources. The new standard is effective for IFYC’s year ending July 31, 2019 and thereafter and must be applied on a retrospective basis. IFYC is currently gathering the appropriate information to implement these disclosure changes in a timely manner and expects an increase in disclosures for liquidity, including qualitative and quantitative information, a limited impact on the classification of net assets, and enhanced disclosures of IFYC's allocation method for functional classification of expenses.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 6, 2018, which is the date the financial statements were available to be issued.

Note 3 - Fair Value Measurements

Accounting standards require certain assets and liabilties be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about IFYC’s assets measured at fair value on a recurring basis at July 31, 2018 and 2017 and the valuation techniques used by IFYC to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the IFYC has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 3 - Fair Value Measurements (Continued)

In instances whereby inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. IFYC's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

IFYC does not currently utilize any Level 1 or Level 3 inputs.

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2018
Certificates of deposit	$ -	$ 2,210,579	$ -	$ -	$ 2,210,579

	Assets Measured at Fair Value on a Recurring Basis at July 31, 2017				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Net Asset Value	Balance at July 31, 2017
Certificates of deposit	$ -	$ 1,677,759	$ -	$ -	$ 1,677,759

Not included in the tables above is $1,413,995 and $380,667 in money market accounts as of July 31, 2018 and 2017, respectively.

Certificates of deposit are brokered through various financial institutions and are purchased and sold without a penalty, unless redeemed early. They are valued at fair value.

IFYC's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the beginning of the reporting period. There were no such transfers for the years ended July 31, 2018 and 2017.

Note 4 - Grants and Contributions Receivable

Contributions receivable are expected to be collected during the following periods:

	2018	2017
Less than one year	$ 4,932,547	$ 4,787,500
One to five years	4,579,400	6,287,379
More than five years	200,000	-
Less allowance for present value discount (1 percent)	(95,910)	(109,652)
Total grants and contributions receivable	$ 9,616,037	$ 10,965,227

Note 5 - Property and Equipment

The cost of property and equipment is summarized as follows:

	2018	2017	Depreciable Life - Years
Furniture and fixtures	$ 189,901	$ 189,901	3-5
Computer equipment and website	513,337	497,079	3-5
Leasehold improvements	10,890	10,890	5-20
Total cost	714,128	697,870	
Less accumulated depreciation	458,983	368,327	
Net amount	$ 255,145	$ 329,543	

Depreciation expense was $90,656 and $65,113 for the years ended July 31, 2018 and 2017, respectively.

Note 6 - Temporarily Restricted Net Assets

Temporarily restricted net assets as of July 31 are available for the following purposes:

	2018	2017
Purpose restrictions:		
Campus partnerships	$ -	$ 100,000
Leadership	1,301,749	847,782
Communications	1,462,443	1,401,491
Development	15,379	-
Time restrictions	9,693,412	11,406,823
Total temporarily restricted net assets	$ 12,472,983	$ 13,756,096

Note 7 - Concentration of Grants and Contributions

Approximately 43 percent of 2018 total grants and contributions revenue was contributed by two foundations, of which $2,892,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2018.

Approximately 40 percent of 2017 total grants and contributions revenue was contributed by two foundations, of which $500,000 is included in grants and contributions receivable on the statement of financial position as of July 31, 2017.

Note 8 - Operating Leases

In October 2012, IFYC entered into an operating sublease for office space. The sublease term began on November 1, 2012 and expired on November 30, 2016. Initially, the lease payments were abated for four months, and the rental payments ranged over the life of the lease from $19,843 to $21,626. IFYC is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting.

In November 2016, IFYC entered into an operating sublease for new office space. The lease term began on December 1, 2016 and expires on November 30, 2023. Base rent for the lease commenced on July 1, 2017, at which time the monthly rental payments range over the life of the lease from $25,402 to $29,450. As required by the lease, IFYC entered into a $101,606 standby letter of credit as the security deposit to the lessor. IFYC is accounting for this lease in accordance with U.S. generally accepted accounting principles by using the straight-line method of accounting.

Note 8 - Operating Leases (Continued)

The difference in actual rent payments and the expense recognized using the straight-line method is recorded as deferred rent liability in the amount of $170,025 and $176,722 for the years ended July 31, 2018 and 2017, respectively.

The following is a schedule of future minimum rental payments under the operating lease:

Years Ending July 31	Amount
2019	$ 317,604
2020	325,514
2021	333,611
2022	341,958
2023	350,524
Thereafter	117,800
Total	$ 1,787,011

Total rent expense under all operating leases was $303,570 and $272,329 for the years ended July 31, 2018 and 2017, respectively.

Note 9 - Donated Services and Facilities

A significant amount of volunteer services is contributed to IFYC to support its activities. These volunteer activities include participating on the board of directors and numerous other committees. The value of these services is not recorded in the financial statements. These volunteer services are not recordable under GAAP.

The value of contributed services included in the statement of activities and changes in net assets and allocated to management and general and program service expense was $9,731 and $11,884 for the years ended July 31, 2018 and 2017, respectively.

Note 10 - Grant Commitments

During the year ended July 31, 2016, IFYC approved grant contracts to two universities totaling $3,279,394, payable over four years and covering the term from August 1, 2016 through May 31, 2020. The grants fund the implementation of the Interfaith Diversity Experiences and Attitudes Longitudinal Survey (IDEALS) research initiative. The payments will be expensed as the work is performed by the universities over the term of the agreements.

The grant commitments at July 31, 2018 are payable as follows:

2019	$ 707,465
2020	558,252
Total	$ 1,265,717

Note 11 - Employee Benefit Plan

IFYC instituted a 403(b) plan available to all employees, with an employer match of 40 percent of the employees' contribution up to 6 percent of the salary. During the years ended July 31, 2018 and 2017, the employer match was $109,510 and $101,349, respectively.

Note 12 - Conditional Pledge

A conditional pledge funding the general support of IFYC's programs and services was received during the year ended July 31, 2015. IFYC is eligible to receive $600,000 and $575,000 at July 31, 2019, and 2020, respectively, if the conditions for the pledge are met. Payments of the pledge are conditional upon IFYC achieving select performance measure targets for the Environments and Leaders programs areas and if IFYC reaches a target level of contributions in the prior year. These conditional pledges are not reflected in the accompanying financial statements.

Note 13 - Prior Period Adjustment

The accompanying financial statements for 2017 have been restated to correct an error in the classification of net asset activity in 2016 and 2017. Releases from temporarily restricted net assets were overstated by approximately $0.6 million in 2017 and $2.2 million in 2015. The revenues were properly recorded; however, the releases and net asset classifications were misstated. The following financial statement line items for 2017 were affected by the correction:

Statement of Activities and Changes in Net Assets
Year Ended July 31, 2017

	As Originally Reported	As Restated	Effect of Restatement
Unrestricted:			
Total revenue, gains, and other support, before net assets released from restrictions	$ 2,063,407	$ 2,063,407	$ -
Net assets released from restrictions	6,473,446	5,848,446	(625,000)
Total revenue, gains, and other support	8,536,853	7,911,853	(625,000)
Total expenses	(6,470,137)	(6,470,137)	-
Change in net assets	2,066,716	1,441,716	(625,000)
Net assets - Beginning of year	4,938,354	2,716,184	(2,222,170)
Net assets - End of year	$ 7,005,070	$ 4,157,900	$ (2,847,170)
Temporarily restricted:			
Total revenue, gains, and other support, before net assets released from restrictions	5,416,000	5,416,000	-
Net assets released from restrictions	(6,473,446)	(5,848,446)	625,000
Total revenue, gains, and other support	(1,057,446)	(432,446)	625,000
Change in net assets	(1,057,446)	(432,446)	625,000
Net assets - Beginning of year	11,966,372	14,188,542	2,222,170
Net assets - End of year	$ 10,908,926	$ 13,756,096	$ 2,847,170

Note 13 - Prior Period Adjustment (Continued)

Statement of Financial Position
July 31, 2017

	As Originally Reported	As Restated	Effect of Restatement
Total assets	$ 18,598,808	$ 18,598,808	$ -
Total liabilities	$ 684,812	$ 684,812	$ -
Unrestricted net assets	7,005,070	4,157,900	(2,847,170)
Temporarily restricted net assets	10,908,926	13,756,096	2,847,170
Total liabilities and net assets	$ 18,598,808	$ 18,598,808	$ -