

Audited Financial Statements



December 31, 2018

Quigley & Miron

Pablove Foundation, Inc.
Audited Financial Statements
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Certified Public Accountants

Suite 1660
3550 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 614-0100
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
Pablove Foundation, Inc.
Los Angeles, California

We have audited the accompanying financial statements of Pablove Foundation, Inc., a nonprofit organization, which comprise the statements of financial position as of December 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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.

Board of Directors
Pablove Foundation, Inc.
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pablove Foundation, Inc. as of December 31, 2018, and the changes in its net assets and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Zwigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California
September 16, 2019

Pablove Foundation, Inc.
Statement of Financial Position
December 31, 2018

Assets

Current Assets

Cash and cash equivalents	\$ 614,139
Contributions receivable, net—Note 4	282,711
Investments—Note 5	2,913,440
Interest receivable	3,162
Prepaid expenses	5,150
Total Current Assets	3,818,602

Noncurrent Assets

Contributions receivable, net—Note 4	302,540
Works of art—Note 7	260,340
Furniture and equipment, net of accumulated depreciation of \$63,777	10,584
Total Noncurrent Assets	573,464

Total Assets \$ 4,392,066

Liabilities and Net Assets

Current Liabilities

Grants payable—Note 8	\$ 272,500
Accounts payable and accrued expenses	24,168
Total Liabilities	296,668

Net Assets

Without donor restrictions	3,321,453
With donor restrictions—Note 10	773,945
Total Net Assets	4,095,398

Total Liabilities and Net Assets \$ 4,392,066

See notes to the financial statements.

Pablove Foundation, Inc.
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue, Support, and Other Income			
Contributions	\$ 899,171	\$ 660,824	\$ 1,559,995
Merchandise sales, net of cost of sales of \$12,268	39,558		39,558
Interest and dividends	104,764		104,764
Special events revenues	1,070,442		1,070,442
Less direct benefits to donors	(329,278)		(329,278)
Special Events, Net	741,164		741,164
Total Revenue, Support, and Other Income Before Reclassifications	1,784,657	660,824	2,445,481
Net assets from restrictions	336,501	(336,501)	
Total Revenue, Support, Other Income, and Reclassifications	2,121,158	324,323	2,445,481
Expenses			
Program services	1,718,342		1,718,342
General and administrative	336,593		336,593
Fundraising	608,961		608,961
Total Expenses	2,663,896		2,663,896
Change in Net Assets From Operations	(542,738)	324,323	(218,415)
Nonoperating Activities			
Loss on disposal of works of art	(13,650)		(13,650)
Investment return, net	(355,585)		(355,585)
Total Nonoperating Activities	(369,235)		(369,235)
Change in Net Assets	(911,973)	324,323	(587,650)
Net Assets at Beginning of Year	4,233,426	449,622	4,683,048
Net Assets at End of Year	\$ 3,321,453	\$ 773,945	\$ 4,095,398

See notes to financial statements.

Pablove Foundation, Inc.
Statement of Functional Expenses
Year Ended December 31, 2018

	<u>Program Services</u>	<u>General and Admin- istrative</u>	<u>Fundraising</u>	<u>Direct Benefit to Donors</u>	<u>Total</u>
Salaries	\$ 827,150	\$ 103,179	\$ 362,574	\$	\$ 1,292,903
Payroll taxes	77,897	8,307	27,572		113,776
Other employee benefits	101,232	25,145	30,428		156,805
Total Personnel Expenses	1,006,279	136,631	420,574		1,563,484
Advertising/promotion	1,667	201	679		2,547
Bank charges	1,052	3,145	10,768		14,965
Conferences and meetings	1,849				1,849
Cost of direct benefit to donors				329,278	329,278
Depreciation	1,765	220	773		2,758
Dues and subscriptions	31,403	4,795	8,325		44,523
Grants made	256,250				256,250
Information technology	11,166	9,082	1,743		21,991
Insurance	6,454	1,499	11,447		19,400
Meals	3,067	7,373	11,791		22,231
Occupancy	102,474	17,538	37,774		157,786
Office expense	8,622	3,338	5,880		17,840
Parking and mileage	8,329	4,539	5,742		18,610
Postage	9,701	625	2,648		12,974
Printing	13,586	4,478	2,186		20,250
Professional fees	144,061	126,197	45,887		316,145
Supplies and equipment	76,001	7,201	7,992		91,194
Telephone	6,848	4,356			11,204
Travel	27,768	5,375	34,752		67,895
Total Expenses by Function	1,718,342	336,593	608,961	329,278	2,993,174
Less expenses included on the Statement of Activities					
Cost of direct benefits to donors				(329,278)	(329,278)
Total Expenses	\$ 1,718,342	\$ 336,593	\$ 608,961	\$	\$ 2,663,896

See notes to financial statements.

Pablove Foundation, Inc.
Statement of Cash Flows
Year Ended December 31, 2018

Cash Flows from Operating Activities	
Change in net assets	\$ (587,650)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Loss on disposal of works of art	13,650
Depreciation	2,758
Investment losses, net	355,585
Changes in operating assets and liabilities:	
Contributions receivable	(7,676)
Inventory	10,156
Prepaid expenses	(5,150)
Grants payable	(75,000)
Accounts payable and accrued expenses	(7,587)
	<hr/>
Net Cash Used in Operating Activities	(300,914)
Cash Flows from Investing Activities	
Proceeds from sale of work of art	1,350
Proceeds from sale of investments	3,161,489
Purchases of investments	(3,250,627)
	<hr/>
Net Cash Used in Investing Activities	(87,788)
Decrease in Cash and Cash Equivalents	(388,702)
Cash and Cash Equivalents at Beginning of Year	<hr/> 1,002,841
Cash and Cash Equivalents at End of Year	\$ <u><u>614,139</u></u>
Supplemental Disclosures	
Income taxes paid	<hr/> \$
Interest paid	<hr/> \$

See notes to financial statements.

Pablove Foundation, Inc.
Notes to Financial Statements
December 31, 2018

Note 1—Organization

Pablove Foundation, Inc. (Pablove) is a California nonprofit organization, founded in 2009 for the purpose of investing in underfunded, cutting-edge pediatric cancer research, and to improve the lives of children living with cancer through the arts. Pablove's *Powered by Pablove* childhood cancer research grants program is focused on awarding \$50,000 seed grants to young, daring investigators, giving them the opportunity to prove their theories and leverage their findings for more funding. Pablove's dream is to ensure that no brilliant, promising scientist goes unfunded in their initial phase of research, because there are kids waiting for the cures they might uncover. In 2018, Pablove awarded four *Powered by Pablove* seed grants. Each project is focused on a different rare cancer including germ cell tumors and malignant peripheral nerve sheath tumors. Also, in 2018, Pablove received over 100 letters of intent for the 2019 *Powered by Pablove* grant awards cycle.

Pablove Shutterbugs—Living with cancer is no fun - especially for a child. Days are filled with doctors' appointments for which kids are pulled out of school, thus limiting their contact with the outside world. That's where *Pablove Shutterbugs* comes in. Pablove's arts education program lets kids just be kids and find their creative voice through photography. By partnering with art institutions such as The Museum of Modern Art (MoMA) in New York City or The Huntington Library, Art Museum and Botanical Gardens in Los Angeles, students get an opportunity to escape and focus on the task at hand: learning about photography. Through this program, students are guided through the basic principles of photography, including composition and lighting, in a supportive and fun environment. Each week, a project is assigned which gives students an opportunity for an increased sense of accomplishment and confidence. Every *Pablove Shutterbugs* session culminates in a graduation and yearly student gallery show at a professional gallery space. *Pablove Shutterbugs* is located in seven cities across the country, including launching a new location in Seattle in 2018. Additionally, *Pablove Shutterbugs* launched its first advanced photography gallery show in 2018 that showcased the work of students who took to photography as a means to advocate for cancer research and explore their identity with cancer for the first time. We are proud to announce that in the 2018 calendar year, we were able to serve over 220 children living with cancer through our nationwide Pablove Shutterbugs programming.

Gallery Show—The 2018 Gallery Show season was a success. Our annual student gallery shows took place in New Orleans, New York, Boston, Austin, and Los Angeles. Pablove partnered with galleries in each of these *Pablove Shutterbugs* cities, bringing together students, families and their communities to celebrate the young photographers. All print sales at Pablove's annual gallery shows directly support Pablove's childhood cancer research grants program.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 1—Organization—Continued

Latest Success Story—2018 marks the year in which Pablove achieved the astonishing Return of Investment of 1:4 in the *Powered by Pablove* research program. For each dollar invested into research, in aggregate, Pablove-funded researchers attracted four-times the amount of secondary funding. Success stories include, Dr. Andras Heczey (2014/2015) received \$600,000 from the V Foundation and \$2.4 million from the Cancer Prevention and Research Institute of Texas to help bring his immunotherapy research to kids and adults with liver cancer to clinical trial. Dr. Austin Brown (2017) at Baylor College of Medicine-received a \$756,746 grant from the NCI to continue his research into the late effects of treatment for brain tumors. He also received nearly \$1.2 million from the Cancer Prevention and

Research Institute of Texas for a study looking out neurocognitive outcomes in kids with ALL. That award was partially based on some preliminary data from his PXP grant. Dr. Alisa Lee-Sherick (2017) received \$900,000 from the V Foundation, \$876,000 from the NIH and \$150,000 from American Society of Hematology to continue her research on the immune response in leukemia. In addition, the Foundation is proud of Dr. Bethan Lang (2014), associate professor at Oxford University, who published a peer reviewed article relating to her Pablove funded work on OMS

Note 2—Summary of Significant Accounting Policies

Financial Statement Presentation—In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Pablove has adopted ASU 2016-14 for the year ended December 31, 2018 and has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Pablove's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Pablove and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Pablove. These net assets may be used at the discretion of Pablove's management and the board of directors.

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Pablove and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Pablove to use all or part of the income earned on related investments for general or specific purposes.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. It is the policy of Pablove to record contributions that are restricted by the donor as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Pablove’s program services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes—Pablove is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, Pablove is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered ‘*more likely than not*’ to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2018. Generally, Pablove’s information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash Equivalents—Pablove considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are valued at fair market value and investment transactions are recorded on the trade date. Investment income and realized and unrealized gains and losses are reported as increases or decreases in the appropriate net asset category.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 from the previous year.

Exchange Traded Funds: Valued at the closing price reported on the active market on which the funds are traded. These funds are deemed to be actively traded.

Bond Funds: Valued at the daily closing price as reported by the fund. Bond funds are open-ended mutual funds held by Pablove that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Bond funds held by Pablove are deemed to be actively traded.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Equity Funds: Valued at the daily closing price as reported by the fund. Equity funds are open-ended mutual funds held by Pablove that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. Equity funds held by Pablove are deemed to be actively traded.

Debt Securities: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Inventory—Inventory is stated at the lower of cost or market. Cost is determined under the first-in, first-out (FIFO) method. Inventory consists of apparel and accessories available through Pablove’s website.

Furniture and Equipment—Furniture and equipment are capitalized if there is a useful life greater than one year and the cost is above a minimum threshold established by management of \$1,000. Furniture and equipment are valued at cost or the fair market at the date of donation. Pablove provides for depreciation and amortization of furniture and equipment on a straight-line basis over the estimated useful lives of five years.

Concentration of Credit Risk—Financial instruments which potentially subject Pablove to concentrations of credit risk consist of cash and cash equivalents, investments, and contributions receivable. Pablove places its cash and cash equivalents with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution.

Cash held in investment accounts at investment custodians are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000. At times, in the normal course of business, such balances are in excess of the FDIC/SIPC insurance limits, but management deems the risk of loss due to these concentrations to be minimal.

Conservative estimate guidelines established by the Board of Directors govern Pablove’s investments in securities to achieve diversification of the portfolio.

Contributions receivable consists of balances from local foundations. Pablove has determined that no allowance for potential losses due to uncollectible receivables is necessary at December 31, 2018.

Contributions—Temporarily restricted and unrestricted contributions are recorded in the period received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows.

Pablove Foundation, Inc.

Notes to Financial Statements—Continued

Note 2—Summary of Significant Accounting Policies—Continued

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses—The costs of providing the various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated between the program services and supporting services benefitted. Salaries, payroll taxes, other employee benefits, advertising/promotion, bank charges, depreciation, dues and subscriptions, information technology, insurance, meals, occupancy, office expense, parking and mileage, postage, printing, professional fees, supplies and equipment, telephone, and travel are allocated on the basis of estimates of time and effort. All other functional expenses are charged directly to programs.

Note 3—Availability and Liquidity

Pablove’s goal is generally to maintain financial assets to meet six months of operating expenses (approximately \$1.3 million dollars). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

The following represents the availability and liquidity of Pablove’s financial assets at December 31, 2018 to cover operating expenses for the next fiscal year:

Financial assets	
Cash and cash equivalents	\$ 425,445
Contributions receivable, net	282,711
Investments	2,913,440
Interest receivable	3,162
	<hr/>
Total Financial Assets	\$ 3,624,758

Note 4—Contributions Receivable, Net

Contributions, net consist of the following at December 31, 2018

Receivable due in less than one year	\$ 282,711
Receivable due in one to three years	389,417
	<hr/>
Gross	672,128
	<hr/>
Less present value discount	(86,877)
	<hr/>
Net	\$ 585,251

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 5—Investments

Investments consist of the following as of December 31, 2018:

Exchange traded funds	\$ 1,299,928
Mutual funds	1,162,541
Fixed income securities	450,025
Equities	946
	<hr/>
Total	\$ 2,913,440

Net investment return for the year ended December 31, 2018, consists of the following:

Interest and dividends	\$ 104,764
Investment return, net	(355,585)
	<hr/>
Total Investment Return	\$ (250,821)

Note 6—Fair Value Measurements

Fair Value Measurement of Financial Instruments—In determining the fair value of investments, Pablove utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Pablove determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. Pablove held no Level 3 assets at December 31, 2018.

Pablove utilizes a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value. The practical expedient used by Pablove to value private investments is the Net Asset Value (NAV) per share, or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Pablove held no such assets at December 31, 2018.

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 6—Fair Value Measurements—Continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2018 are determined as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Exchange traded funds	\$ 1,299,928	\$ 1,299,928	\$
Mutual funds	1,162,541	1,162,541	
Fixed income securities	450,025		450,025
Equities	946	946	
Totals	<u>\$ 2,913,440</u>	<u>\$ 2,463,415</u>	<u>\$ 450,025</u>

Note 7—Works of Art

During the year ended December 31, 2016, Pablove received contributions of fine art which totaled \$290,340. The fair values of these works of art were determined by a third-party insurance agency. It is the intent of Pablove to sell these works of art to collect cash and thus fund its operations, including its research grant program. During the year ended December 31, 2018, Pablove sold artwork valued at \$15,000 for a cash price of \$1,350.

Note 8—Grants Payable

Grants payable at December 31, 2018 consist of grants approved by Pablove to various domestic and foreign research institutions.

Note 9—Commitments

Pablove signed a new lease agreement in June 2018 for a term of three years, commencing on January 1, 2019 and terminating on December 31, 2021. The base rent for the initial year of the lease is \$9,300 per month. The base rent shall be increased by 3% annually commencing on the first anniversary date. The lease offers two 1-year options to extend the lease, commencing initially on January 1, 2022 and ending December 31, 2022, and commencing on January 1, 2023 and ending December 31, 2023. Future minimum payments under this lease are as follows:

<u>Year Ending December 31,</u>	
2019	\$ 109,200
2020	112,476
2021	115,850
Total	<u>\$ 337,526</u>

Pablove Foundation, Inc.
Notes to Financial Statements—Continued

Note 10—Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following at December 31, 2018:

Subject to expenditure for specified purpose:		
OMS Fund	\$	130,405
Research		50,000
Shutterbugs		8,289
		<hr/>
	Subtotal	188,694
Subject to time restrictions:		
Pledges receivable		585,251
		<hr/>
	Total	\$ 773,945

Net assets released from donor restrictions for the year ended December 31, 2018 are as follows:

Satisfaction of purpose restrictions		
OMS Fund	\$	6,749
Shutterbugs		11,705
		<hr/>
	Subtotal	18,454
Satisfaction of passage of time		
Pledges receivable		318,047
		<hr/>
	Total	\$ 336,501

Note 11—Retirement Benefits

Pablove has established a defined contribution plan (Plan) whereby all employees with three consecutive months of service to Pablove may contribute to the Plan. Pablove made no employer contributions to the Plan during the year ended December 31, 2018.

Pablove Foundation, Inc.

Notes to Financial Statements—Continued

Note 12—Recent Accounting Pronouncements

Revenue Recognition—In May 2014, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. Pablove is evaluating whether this will have a material impact on its financial statements.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2019, with early adoption permitted. Pablove is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Note 13—Subsequent Events

Management has evaluated subsequent events through September 16, 2019, which is the date the financial statements were available to be issued, and concluded that no other material subsequent events have occurred that would require adjustments to the financial statements or the notes to the financial statements.