

MOTHERS OUT FRONT, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

PERIOD ENDED DECEMBER 31, 2014

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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MOTHERS OUT FRONT, INC.

REPORT ON FINANCIAL STATEMENTS

PERIOD ENDED DECEMBER 31, 2014

Mission Statement

Mothers Out Front is building a diverse, national movement of mothers to achieve a swift and complete transition away from fossil fuels to clean, renewable energy.

We engage mothers by reaching them in their communities, and we build power by developing leadership teams community by community (and state by state) that can design and execute smart, strategic campaigns. We do this work to protect our children's future from climate change.

MOTHERS OUT FRONT, INC
REPORT FINANCIAL STATEMENTS
PERIOD ENDED DECEMBER 31, 2014

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors
Mothers Out Front, Inc.
Cambridge, Massachusetts

We have reviewed the accompanying statement of financial position of Mothers Out Front, Inc. (a Massachusetts nonprofit organization) as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the period June 1, 2014 (Date of Inception) to December 31, 2014. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
April 7, 2015

MOTHERS OUT FRONT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2014

ASSETS

CURRENT ASSETS:

Cash	\$ 85,454
Prepaid Expenses	711
Total Current Assets	<u>86,165</u>

TOTAL ASSETS

\$ 86,165

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses	\$ 10,297
Accrued Payroll and Related Costs	17,286
Total Current Liabilities	<u>27,583</u>

TOTAL LIABILITIES

27,583

NET ASSETS:

Unrestricted Net Assets	<u>58,582</u>
Total Net Assets	<u>58,582</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 86,165

MOTHERS OUT FRONT, INC.

STATEMENT OF ACTIVITIES

FOR THE PERIOD JUNE 1, 2014 (DATE OF INCEPTION) TO DECEMBER 31, 2014

SUPPORT AND REVENUES:

Gifts, Grants and Contributions	\$ 301,848
Program Revenue	5,725
Other Income	<u>1,038</u>

TOTAL SUPPORT AND REVENUES

308,611

FUNCTIONAL EXPENSES:

Program Services	176,076
Administrative	51,344
Fund Raising	<u>22,609</u>

TOTAL FUNCTIONAL EXPENSES

250,029

CHANGE IN NET ASSETS

58,582

UNRESTRICTED NET ASSETS - BEGINNING OF PERIOD

-

UNRESTRICTED NET ASSETS - END OF PERIOD

\$ 58,582

MOTHERS OUT FRONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD JUNE 1, 2014 (DATE OF INCEPTION) TO DECEMBER 31, 2014

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Salaries	\$ 106,942	\$ 17,916	\$ 14,304	\$ 139,162
Payroll Taxes	10,779	1,806	1,442	14,027
Employee Benefits	7,127	217	728	8,072
Contracted Services and Professional Fees	23,758	23,671	1,500	48,929
Meeting and Event Expenses	19,787	-	-	19,787
Insurance	-	2,437	-	2,437
Office Expenses	3,137	5,297	3,246	11,680
Travel	1,933	-	1,389	3,322
Professional Development	1,814	-	-	1,814
Occupancy	<u>799</u>	<u>-</u>	<u>-</u>	<u>799</u>
Total Functional Expenses	<u>\$ 176,076</u>	<u>\$ 51,344</u>	<u>\$ 22,609</u>	<u>\$ 250,029</u>

MOTHERS OUT FRONT, INC.

STATEMENT OF CASH FLOWS

FOR THE PERIOD JUNE 1, 2014 (DATE OF INCEPTION) TO DECEMBER 31, 2014

CASH FLOWS FROM OPERATING ACTIVITIES:

<i>Change in Net Assets</i>	\$ 58,582
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:	
<i>(Increase) Decrease in Current Assets:</i>	
Prepaid Expenses	(711)
<i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	10,297
Accrued Payroll and Related Costs	17,286
Net Adjustment	<u>26,872</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>85,454</u>
<u>NET INCREASE IN CASH BALANCES</u>	85,454
<u>CASH BALANCES - BEGINNING OF PERIOD</u>	<u>-</u>
<u>CASH BALANCES - END OF PERIOD</u>	<u>\$ 85,454</u>

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

NOTE 1 ORGANIZATION

Mothers Out Front, Inc. (“MOF” or the “Organization”) was incorporated on May 27, 2014 under Massachusetts General Laws Chapter 180. Subsequent to year end, the Organization received notification from the Internal Revenue Service that it had been approved for exemption from federal taxes as a tax-exempt, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code effective May 27, 2014. The Organization is primarily funded through individual and foundation donations and grants.

Fiscal Sponsorship:

Mothers Out Front, Inc. was initially conceived as a distinct project within the Better Future Project (which was fiscally sponsored by Open Space Institute). The Organization incorporated in May 2014 and during the period June 1, 2014 through December 31, 2014 was fiscally sponsored by Sustainable Markets Foundation. The remaining funds collected by Sustainable Markets Foundation on MOF’s behalf will be transferred to the Organization in 2015. As of December 31, 2014, Sustainable Markets Foundation is holding \$491,000 on behalf of Mothers Out Front, Inc.

Reporting Period:

These financial statements reflect activities for the period June 1, 2014 (Date of Inception) through December 31, 2014, which is less than a one-year operating cycle.

NOTE 2 PROGRAM SERVICES

Mothers Out Front, Inc. is building a diverse, national movement of mothers to pressure our leaders to take bold action on climate change - to move swiftly beyond fossil fuels to a clean energy economy. We see an opportunity to reach across cultures, political viewpoints, and age groups to envision a better world for our children. Using a time-tested organizing approach developed by Marshall Ganz and others, we engage mothers in their communities - initially through a house party. We build power by developing leadership teams community by community (and state by state) that design and execute campaigns to help us achieve our broader goals.

Currently, much of the work being done by the environmental community to engage people around climate change is focused on activating people who are already supporters - i.e., self-described environmentalists. Mothers Out Front, Inc. is focused on going beyond this core group, developing a new constituency that can bring new power to the climate movement.

We envision tens, and eventually hundreds of thousands of mothers across the country involved in campaigns to address climate change at the local, state, and national levels. Their common identity as mothers, their shared recognition that their children’s future is endangered, and their universal values of compassion, fairness and justice all inform a sense of outrage at our government’s willful neglect of its primary responsibility, that of ensuring the safety and security of its most vulnerable citizens.

Our work in Massachusetts tells us that this approach is working. We are reaching unexpected activists. Since our founding in January 2013, we have held nearly 200 house parties, engaging 1,400 mothers. Nearly 300 of the mothers we engaged are active (a 21% rate).

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 2 (Continued)

Our three-tier Massachusetts campaign has resulted in over 700 households switching to clean energy, over 25 elected officials switching to clean energy, and two meetings with Governor Patrick. In only two years, we are an impactful part of the Massachusetts climate movement.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues and gains are recognized in the period in which they become due and expenses and losses are recognized in the period in which the liability is incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. These classifications are related to the existence or absence of donor-imposed restrictions as presented below:

Unrestricted Net Assets - consists of assets, public support and program revenues which are available and used for operations and programs. Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Contributions are considered available for unrestricted use unless specifically restricted by the donor. In addition, unrestricted net assets of the Organization may include funds which represent unrestricted resources designated by the Board of Directors for specific purposes. For the period presented, all net assets of the Organization were unrestricted.

Temporarily Restricted Net Assets - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and is satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and investment income earned on restricted funds.

Permanently Restricted Net Assets - includes resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently, but permits the Organization to expend part or all of the income derived from the donated assets.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 (Continued)

Gifts, Grants and Contributions:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction until the restriction expires, at which time temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Goods, Services and Facilities:

As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of donated goods and services which require a specialized skill and/or which would have otherwise been purchased by the Organization, are recognized on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses. For the year presented, the Organization did not have any donated goods, services or facilities that met the recognition criteria. Although the Organization receives a significant amount of donated services from unpaid volunteers, these donations did not meet the recognition criteria and have not been recorded in the accompanying financial statements.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated using payroll and time usage formulas.

Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, indirect costs of fund raising events, distribution of materials and other similar projects related to the procurement of funds. Fund raising expenses that represent direct costs of special events are netted against related revenues.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

(Continued)

NOTE 3 *(Continued)*

Tax Position:

The Organization currently evaluates all tax positions, and makes a determination regarding the likelihood of those positions being upheld under review. The primary tax positions made by the Organization are the nonexistence of Unrelated Business Income Tax and the Organization's status as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. For the period presented, the Organization has not recognized any tax benefits or loss contingencies for uncertain tax positions based on this evaluation. As the period ended December 31, 2014 is the initial filing for the Organization, there are no tax periods subject to examination by taxing authorities.

NOTE 4 LEASE AGREEMENT

Effective September 1, 2014, the Organization entered into a tenancy-at-will arrangement for office space with The Foundation for Civic Leadership and The Democracy Center. Under this agreement, in exchange for a \$250 quarterly contribution, MOF is provided with an office as well as access to meeting space on a reservation basis.

NOTE 5 REVENUE CONCENTRATIONS

For the year presented, 98% of the Organization's total support and revenue was received through grants from its fiscal sponsor.

NOTE 6 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through April 7, 2015, the date which the financial statements were available for issue, and noted no events which met the criteria, except for the approval of the Organization's tax-exempt status as discussed in Note 1.