

MOTHERS OUT FRONT, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

Smith  Sullivan
& Brown PC
CERTIFIED PUBLIC ACCOUNTANTS

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MOTHERS OUT FRONT, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)



Mission Statement

*We build our power as mothers to ensure a
livable climate for all children.*

MOTHERS OUT FRONT, INC
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Information for 2017)

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Mothers Out Front, Inc. (a Massachusetts nonprofit organization), which comprise the statement 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.

Auditors' 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 Organization'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 Organization'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 Mothers Out Front, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Directors
Mothers Out Front, Inc.

Report on Summarized Comparative Information

We have previously audited Mothers Out Front, Inc.'s 2017 financial statements, and our report dated June 11, 2018, expressed an unmodified opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
June 17, 2019

MOTHERS OUT FRONT, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS:</u>		
Cash and Cash Equivalents	\$ 3,027,660	\$ 2,384,481
Pledges Receivable	-	65,072
Grants Receivable, Current	370,834	143,333
Prepaid Expenses	4,600	9,160
Total Current Assets	<u>3,403,094</u>	<u>2,602,046</u>
<u>OTHER ASSETS:</u>		
Grants Receivable, Non-Current, Net of Discount	<u>1,441,941</u>	<u>33,334</u>
Total Other Assets	<u>1,441,941</u>	<u>33,334</u>
<u>TOTAL ASSETS</u>	<u>\$ 4,845,035</u>	<u>\$ 2,635,380</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 36,443	\$ 36,807
Accrued Payroll and Related Costs	<u>46,016</u>	<u>28,067</u>
Total Current Liabilities	<u>82,459</u>	<u>64,874</u>
<u>TOTAL LIABILITIES</u>	<u>82,459</u>	<u>64,874</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions	2,811,389	2,304,677
Net Assets With Donor Restrictions	<u>1,951,187</u>	<u>265,829</u>
Total Net Assets	<u>4,762,576</u>	<u>2,570,506</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 4,845,035</u>	<u>\$ 2,635,380</u>

MOTHERS OUT FRONT, INC

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for 2017)

<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2018</u>	<u>2017</u>
<i>Support and Revenues:</i>				
Grants and Contributions	\$ 1,988,029	\$ 2,352,941	\$ 4,340,970	\$ 2,653,374
Fund Raising Event Proceeds	112,530	-	112,530	89,195
Less: Cost of Direct Benefits to Donors	(20,451)	-	(20,451)	(31,554)
Program Revenue	8,921	-	8,921	7,141
Donated Goods and Services	9,909	-	9,909	26,668
Other Income	3,775	-	3,775	55
Total Support and Revenues	<u>2,102,713</u>	<u>2,352,941</u>	<u>4,455,654</u>	<u>2,744,879</u>
<i>Reclassification of Net Assets:</i>				
Satisfaction of Donor Restrictions	<u>667,583</u>	<u>(667,583)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,770,296</u>	<u>1,685,358</u>	<u>4,455,654</u>	<u>2,744,879</u>
 <u>EXPENSES:</u>				
Program Services	1,684,294	-	1,684,294	1,126,460
Administrative	176,367	-	176,367	205,952
Fund Raising	<u>402,923</u>	<u>-</u>	<u>402,923</u>	<u>217,668</u>
<u>TOTAL EXPENSES</u>	<u>2,263,584</u>	<u>-</u>	<u>2,263,584</u>	<u>1,550,080</u>
<u>CHANGE IN NET ASSETS</u>	506,712	1,685,358	2,192,070	1,194,799
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>2,304,677</u>	<u>265,829</u>	<u>2,570,506</u>	<u>1,375,707</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,811,389</u>	<u>\$ 1,951,187</u>	<u>\$ 4,762,576</u>	<u>\$ 2,570,506</u>

MOTHERS OUT FRONT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Summarized Comparative Totals for 2017)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2018</u>	<u>2017</u>
Salaries	\$ 1,005,565	\$ 61,544	\$ 201,439	\$ 1,268,548	\$ 886,908
Payroll Taxes	76,196	4,606	10,226	91,028	72,367
Employee Benefits	146,396	7,716	14,261	168,373	99,822
Fellowship Expenses	-	-	-	-	8,500
Contracted Services and Professional Fees	290,038	86,571	72,416	449,025	191,137
Grants to Partners	26,803	3,140	65,687	95,630	74,104
Insurance	5,016	557	619	6,192	6,556
Office Expenses	65,361	7,611	37,392	110,364	119,159
Travel	56,822	634	19,219	76,675	36,847
Professional Development	7,758	1,237	1,899	10,894	4,105
Occupancy	<u>4,339</u>	<u>2,751</u>	<u>216</u>	<u>7,306</u>	<u>2,129</u>
Total Functional Expenses	1,684,294	176,367	423,374	2,284,035	1,581,634
Cost of Direct Benefits to Donors	<u>-</u>	<u>-</u>	<u>(20,451)</u>	<u>(20,451)</u>	<u>(31,554)</u>
Total Expenses Per Statement of Activities	<u>\$ 1,684,294</u>	<u>\$ 176,367</u>	<u>\$ 402,923</u>	<u>\$ 2,263,584</u>	<u>\$ 1,550,080</u>

MOTHERS OUT FRONT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
<i>Change in Net Assets</i>	<u>\$ 2,192,070</u>	<u>\$ 1,194,799</u>
Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:		
<i>(Increase) Decrease in Current Assets:</i>		
Accounts Receivable	-	1,050
Pledges Receivable	65,072	(6,391)
Grants Receivable, Current	(227,501)	(48,333)
Prepaid Expenses	4,560	(4,050)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	(364)	(9,840)
Accrued Payroll and Related Costs	17,949	(4,305)
<i>(Increase) Decrease in Other Assets:</i>		
Grants Receivable, Non-Current	<u>(1,408,607)</u>	<u>16,666</u>
Net Adjustment	<u>(1,548,891)</u>	<u>(55,203)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>643,179</u>	<u>1,139,596</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	<u>643,179</u>	<u>1,139,596</u>
<u>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</u>	<u>2,384,481</u>	<u>1,244,885</u>
<u>CASH AND CASH EQUIVALENTS - END OF YEAR</u>	<u>\$ 3,027,660</u>	<u>\$ 2,384,481</u>

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

NOTE 1 ORGANIZATION

Mothers Out Front, Inc. (“Mothers Out Front” or the “Organization”) was incorporated on May 27, 2014 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt, nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code as of its incorporation date. Mothers Out Front, Inc. is not classified as a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes. The Organization is primarily funded through individual and foundation donations and grants.

NOTE 2 PROGRAM SERVICES

Mothers Out Front is building a diverse national movement of mothers, grandmothers, and other caregivers dedicated to averting the catastrophic impacts of climate change. Our goal is to educate elected officials and business leaders to work aggressively for a swift, complete, and just transition away from fossil fuels to clean and renewable energy. We believe such a transition is needed to protect our children and grandchildren - and we know it can't happen without a groundswell of public pressure.

To date, many of the efforts to build a movement to counter climate change have focused on honing the message, combining focus groups and polling with sophisticated communications and marketing strategies to galvanize targeted segments of American society. Although some of these efforts have generated high-profile campaigns reaching millions of people, they have mostly failed to generate the deep commitment to meaningful change - that willingness to make personal sacrifice, dedicate hours of volunteer time, perhaps even get arrested - that is the backbone of successful social movements.

Drawing on what has worked in successful social movements in the past, Mothers Out Front brings mothers and others together in warm, informal "house parties" held in private homes and public meeting spaces, where they learn about the science and the urgency of the climate crisis, share personal stories, and talk about the power of mothers, working together, to bring about social change. We then provide them with the training and support they need to form all-volunteer Community Teams (“CTs”), which pursue change at the individual, household and statewide levels. Community Team members come together to learn, strategize, meet with elected and business leaders, testify at hearings, and plan and show up at rallies and other events. Simultaneously, they grow our numbers - and our power - by hosting more house parties and generating new community teams.

Increasingly the work at Mothers Out Front is focused on strategic impact campaigns that elevate specific solutions for climate, and marry those with commitments for an inclusive economy and race equity. We've been successful advancing Community Choice Aggregation policies, or related municipal level actions, in nearly a dozen communities. We're organizing around gas safety, and to halt further development of fracked gas infrastructure across the Eastern United States. Moms in more than two dozen communities are now organizing to convert school buses from diesel to electric.

Our desire to protect our children inspires our work, but our relationships with each other sustain it, resulting in extraordinary commitment. Of our nearly 25,000 supporters, nearly 10% take volunteer action that is not digital weekly; many of them volunteer dozens of hours each month to leading this movement. Our work is deepest in Massachusetts, New York, and Virginia, with growing strength in California and new teams in Colorado. With no staffing and simply remote support, we've begun to grow in New Hampshire, Alabama, Washington and elsewhere. Mothers are hungry to take action to protect their children; our movement gives them concrete options to do so.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

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 its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions - consist of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represent the portion of net assets of the Organization that are not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets without donor restrictions may include funds which represent resources designated by the Board of Directors for specific purposes.

Net Assets With Donor Restrictions - 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 or bequests and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets. For the years presented, Mothers Out Front had no resources with permanent donor-imposed restrictions.

The accompanying financial statements include certain prior year summarized comparative information. With respect to the Statement of Activities, such prior year information is not presented by net asset class and with respect to the Statement of Functional Expenses, 2017 expenses by line item are in total rather than by functional category. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Cash Equivalents:

For purposes of these financial statements, cash and cash equivalents are defined as cash balances and highly liquid funds, which can and are intended to be converted to cash within 90 days.

Receivables:

Grants Receivable and *Pledges Receivable* represent amounts which are due from individual donors and foundations which are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Management periodically reviews specific receivables to determine if any balances are uncollectible. Management believes that all receivables are fully collectible and therefore, they have not been reduced by an allowance for uncollectible amounts. If receivables are determined to be uncollectible in subsequent periods, a provision will be recorded at that time. For the years ended December 31, 2018 and 2017, there were no losses on uncollectible receivables.

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, real property, or promises to give. Occasionally, the Organization receives donations of stocks which are recorded as contribution revenue at the fair value of the stock when received.

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. Multi-year commitments are recognized in the year during which the initial commitment was made at net realizable 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 net assets with donor restrictions until the restriction expires, at which time the assets are reclassified to net assets without donor restrictions.

Revenue Recognition:

For the years presented, program revenue consists primarily of energy referral fees from a select group of clean energy providers. Per the terms of the agreements, the providers will pay a referral fee to Mothers Out Front for every customer, who through the Organization, switches their personal energy consumption from fossil-based fuels to the provider's alternative renewable energy options. Mothers Out Front receives "switch" reports that detail the amount of referral fees that have been earned and recognizes these amount as a receivable until the provider remits the payment.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 (Continued)

Donated Goods and Services:

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 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 years ended December 31, 2018 and 2017, *Donated Goods and Services* represents legal fees valued at \$9,909 and \$26,668, respectively.

Although during each of the years presented, the Organization received 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.

Grants to Partners:

During 2017, the Organization made a grant to another nonprofit organization. The Organization's policy is to record these grants as an expense and payable at the time an unconditional commitment is made. Conditional commitments are not recognized in the financial statements until the conditions upon which they depend are substantially met. There were no such grants awarded during the year ended December 31, 2018.

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. Expenses allocated by time usage formulas consist of *Salaries*, *Payroll Taxes* and *Employee Benefits* in the accompanying Statement of Functional Expenses.

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.

Reclassifications:

Certain amounts in the prior year information have been reclassified to conform to the current year presentation in relation to the adoption of ASU 2016-14. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 3 *(Continued)*

Recent Accounting Guidance:

Recently Implemented Standards

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users.

This ASU modified the current guidance over several criteria, of which the following affected the Organization’s financial statements:

- The Organization’s net assets are segregated into two categories, “with donor restrictions” and “without donor restrictions” as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date.
- The Organization provided a more in depth explanation of the methods used to allocate costs among program and supporting functions.

In accordance with this ASU, the Organization has applied a modified retrospective application of the above standard, and as a result, is not presenting a liquidity and availability disclosure for the year ended December 31, 2017. The adoption of this ASU did not have a material effect on the Organization’s financial position or change in net assets.

Recently Issued Standards

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard is effective for this Organization in financial statements issued for fiscal years beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization’s financial position or change in net assets.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 4 GRANTS RECEIVABLE

As of December 31, 2018 and 2017, *Grants Receivable* were discounted to present value at effective annual interest rate of 2% and were due for collections as follows:

	<u>2018</u>	<u>2017</u>
Receivables Due in Less than One Year	\$ 370,834	\$143,333
Receivables Due in One to Five Years	<u>1,500,000</u>	<u>33,334</u>
Total Contributions Receivable	1,870,834	176,667
Less: Discount to Present Value	<u>(58,059)</u>	<u>-</u>
Net Grants Receivable	<u>\$1,812,775</u>	<u>\$176,667</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2018 and 2017, net assets with donor restrictions included unexpended contributions restricted by donors for the following purposes:

<u>Nature of Restriction</u>	<u>2018</u>	<u>2017</u>
Virginia Expansion Project	\$ 156,250	\$149,166
Fossil Fuel Impact Study	70,000	-
New York Organizing	35,000	14,500
San Jose Project	-	1,000
Clean Energy and Climate Action	25,000	25,000
Time Restricted	1,489,937	76,163
Frontline Fellowship	25,000	-
Website Upgrade	<u>150,000</u>	<u>-</u>
Total	<u>\$1,951,187</u>	<u>\$265,829</u>

During the years presented, net assets released from restrictions by incurring expenses which satisfied the restricted purposes, by the passage of time or by the occurrence of events specified by the donors were as follows:

<u>Nature of Restriction</u>	<u>2018</u>	<u>2017</u>
Virginia Expansion Project	\$175,417	\$140,834
Digital Organizing	-	9,000
New York Organizing	44,500	29,250
Clean Energy and Climate Action	100,000	77,000
PA Expansion	-	10,000
Colorado Expansion	-	9,000
State Expansion	300,000	-
San Jose Project	1,000	-
Time Restrictions Lapsed	<u>46,666</u>	<u>65,500</u>
Total	<u>\$667,583</u>	<u>\$340,584</u>

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 6 SPECIAL FUND RAISING EVENTS

Each year, Mothers Out Front hosts a major fundraising luncheon in Massachusetts. The results of the fund raising events are summarized below:

	<u>2018</u>	<u>2017</u>
Sponsorships and Contributions	\$ 78,930	\$ 71,945
Ticket Sales	<u>33,600</u>	<u>17,250</u>
Total Proceeds	112,530	89,195
Less: Direct Event Costs	<u>(20,451)</u>	<u>(31,554)</u>
Net Event Proceeds	<u>\$ 92,079</u>	<u>\$ 57,641</u>

NOTE 7 RETIREMENT PLAN

Effective for the year ended December 31, 2017, Mothers Out Front provides a 401(k) retirement savings plan covering all eligible employees. The plan allows eligible employees of the Organization to defer a percentage of their earnings from current taxation. As the plan consists only of employee deferrals, these financial statements do not report a retirement plan expense.

NOTE 8 CONDITIONAL GRANT

Adiuvars Foundation, Inc.:

In October 2017, Mothers Out Front received a three-year conditional grant commitment totaling \$350,000 from the Adiuvars Foundation, restricted to the Virginia Expansion Project. The grant is paid in quarterly payments and the second and third year of funding was conditional upon the submission of narrative and financial reports acceptable to the Adiuvars Foundation. As of December 31, 2018, the third year of the annual grant award totaling \$115,000 was contingent upon the Adiuvars Foundation's acceptance of the above-mentioned reports due by October 2019.

Mertz Gilmore Foundation:

In November 2018, Mother's Out Front was awarded a grant of \$100,00 from the Mertz Gilmore Foundation. Of this amount, \$50,000 was received in 2018 and the second installment of \$50,000 is conditional upon the Foundation's review and approval of an interim progress report toward proposed outcomes.

Since the terms of the conditions of the above commitments has not been met as of December 31, 2018, the total conditional amount of \$165,000 has not been recognized in the accompanying financial statements.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 9 CONCENTRATIONS

Cash and Cash Equivalents:

The Organization is subject to concentrations in credit risk relating to cash balances. Cash deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per institution. As of December 31, 2018 and 2017, cash balances in excess of the FDIC limit were \$1,979,370 and \$2,098,907; however, the Organization has not experienced any losses on uninsured cash balances and Management considers credit risk on cash to be low.

Revenue:

For the years ended December 31, 2018 and 2017, 54% and 38%, respectively, of the Organization’s total support and revenue was received through grants from one contributor in each year. For the year ended December 31, 2018, this concentration in revenue was made up of a \$1.5M promise to give which may be spent for general operating expenses and is payable in three equal installments of \$500,000 per year commencing in 2020.

Receivables:

As of December 31, 2018, amounts due from the multi-year gift discussed above accounted for 79% of total receivables. This pledge is time restricted and will be available for operations when amounts are received and/or the pledge becomes due. As of December 31, 2017, amounts due from two donors accounted for 65% of total receivables.

NOTE 10 GRANT COMMITMENTS

During the year ended December 31, 2017, Mothers Out Front was party to a memorandum of understanding with El Puente de Williamsburg, Inc. (a nonprofit organization), whereby the Organization provided grant funding of \$80,000 in support of a joint project.

NOTE 11 LIQUIDITY AND AVAILABILITY

The following table reflects the Organization’s financial assets available for general expenditures as of December 31, 2018:

Financial Assets:	
Cash and Cash Equivalents	\$3,027,660
Grants Receivable, Current	<u>370,834</u>
Total Financial Assets Available to Meet General Expenditures Within One Year as of December 31, 2018	<u>\$3,398,494</u>

As part of the Organization’s liquidity management, the Board of Directors has a policy to structure the financial assets to be available as its general expenditures, liabilities, and other obligations come due.

MOTHERS OUT FRONT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(With Summarized Comparative Information for 2017)

(Continued)

NOTE 12 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 June 17, 2019, the date which the financial statements were available for issue, and noted no events which met the disclosure criteria.