

MOMS AGAINST POVERTY

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED DECEMBER 31, 2017
AND INDEPENDENT AUDITOR'S REPORT**

**MOMS AGAINST POVERTY
FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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NICHOLAS & ROBISON
ACCOUNTING, INC.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Moms Against Poverty
Burlingame, California

We have audited the accompanying financial statements of Moms Against Poverty (a California nonprofit organization) (the "Organization"), which comprise the statement of financial position as of December 31, 2017, 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 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.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Moms Against Poverty
Burlingame, California

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Moms Against Poverty as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Pleasanton, California
June 3, 2019


Nicholas & Robison Accounting
License # COR 6072

**MOMS AGAINST POVERTY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

	Unrestricted Funds	Temporarily Restricted Funds	Total Funds
<u>ASSETS</u>			
<u>Current Assets</u>			
Cash and Cash Equivalents	\$ -	\$ 532,857	\$ 532,857
Receivables	-	3,838	3,838
Inventory		24,329	24,329
Prepaid Expenses	-	8,005	8,005
Total Current Assets	-	569,029	569,029
<u>Property and Equipment</u>			
Furniture and Equipment	5,260	-	5,260
Accumulated Depreciation	(3,301)	-	(3,301)
Net Property and Equipment	1,959	-	1,959
Total Assets	\$ 1,959	\$ 569,029	\$ 570,988
<u>LIABILITIES AND NET ASSETS</u>			
<u>Current Liabilities</u>			
Accounts Payable and Accrued Liabilities	\$ -	\$ 2,382	\$ 2,382
Total Current Liabilities	-	2,382	2,382
<u>Non-Current Liabilities</u>			
Loan Payable	-	25,000	25,000
Total Liabilities	-	27,382	27,382
<u>Net Assets</u>			
Unrestricted Net Assets	1,959	-	1,959
Temporarily Restricted Net Assets	-	541,647	541,647
Total Net Assets	1,959	541,647	543,606
Total Liabilities and Net Assets	\$ 1,959	\$ 569,029	\$ 570,988

The accompanying notes are an integral part of these financial statements

**MOMS AGAINST POVERTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted	Temporarily Restricted	Total
<u>Support & Revenue</u>			
Business and Individual Donations	\$ -	\$ 933,723	\$ 933,723
Special Events:			
Special Event Revenue	-	526,418	526,418
Less: Cost of Direct Benefit to Special Event			
Donors	-	(265,567)	(265,567)
Net Revenue from Special Events	-	260,851	260,851
Net Assets Released from Restrictions	734,674	(734,674)	-
Total Support and Revenues	734,674	459,900	1,194,574
<u>Expenses</u>			
Foreign Project Contributions	585,503	-	585,503
U.S. Project Contributions	101,237	-	101,237
Management & General	83,991	-	83,991
Total Expenses	770,731	-	770,731
Support & Revenue Over (Under) Expenses	(36,057)	459,900	423,843
<u>Income From Investments</u>			
Unrealized Gain (Loss) on Investments	-	-	-
Change in Net Assets	(36,057)	459,900	423,843
Net Assets, Beginning of Year	38,016	81,747	119,763
Net Assets, End of Year	\$ 1,959	\$ 541,647	\$ 543,606

The accompanying notes are an integral part of these financial statements

**MOMS AGAINST POVERTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Foreign Project Contributions						General
	India Project	Iran Project	Africa Project	Cambodia Project	Mexico Project		
Contributions	\$ 20,280	\$ 385,272	45,000	\$ 99,676	\$ -	\$ -	-
Management & Outside Services	-	-	-	-	-	-	22,500
Professional Fees	-	-	-	-	-	-	-
Hosting Conferences and Training	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	2,923
Supplies	-	-	-	-	-	-	34
Telephone and On-line Charges	-	-	-	-	-	-	33
Postage	-	-	-	-	-	-	-
Printing, Copying and Publishing	-	-	-	-	-	-	750
Rent	-	-	-	-	-	-	-
Equipment Rental and Repairs	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-
Staff Training and Development	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-
Dues and Memberships	-	-	-	-	-	-	-
Fees, Fines and Service Charges	-	-	-	-	-	-	9,035
Depreciation	-	-	-	-	-	-	-
Total Functional Expenses	20,280	385,272	45,000	99,676	-	-	35,275

The accompanying notes are an integral part of these financial statements

**MOMS AGAINST POVERTY
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Total Foreign Project Contributions	United States - Project Contributions	Fundraising	Management & General	Total
Contributions	\$ 550,228	\$ 83,734	\$ -	\$ -	\$ 633,962
Management & Outside Services	22,500	4,230	81,243	6,638	114,611
Professional Fees	-	-	14,112	37,134	37,134
Hosting Conferences and Training	-	-	94	1,751	1,845
Travel	2,923	6	1,336	842	5,107
Supplies	34	1,150	50,769	1,165	53,118
Telephone and On-line Charges	33	105	-	3,131	17,381
Postage	-	-	408	1,115	1,523
Printing, Copying and Publishing	750	16	9,222	2,066	12,054
Rent	-	-	60,364	-	60,364
Equipment Rental and Repairs	-	-	28,062	-	28,062
Insurance	-	-	-	4,318	4,318
Staff Training and Development	-	-	-	-	-
Advertising	-	9,290	10,928	17,326	37,544
Dues and Memberships	-	2,700	71	2,710	5,481
Fees, Fines and Service Charges	9,035	6	8,958	4,895	22,894
Depreciation	-	-	-	900	900
Total Functional Expenses	585,503	101,237	265,567	83,991	1,036,298

The accompanying notes are an integral part of these financial statements

**MOMS AGAINST POVERTY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Unrestricted Funds	Temporarily Restricted Funds	Total Funds
Cash Flows from Operating Activities:			
Change in Net Assets	\$ (36,057)	\$ 459,900	\$ 423,843
Adjustments to Reconcile Change in Net Assets to Cash Provided by (Used in) Operating Activities			
Depreciation	900	-	900
(Increase) Decrease in Operating Assets:			
Accounts Receivable	-	(589)	(589)
Inventory	-	(3,961)	(3,961)
Prepaid Expenses	-	932	932
Increase (Decrease) in Operating Liabilities			
Accounts Payable and Accrued Liabilities	-	2,382	2,382
Payroll & Related Liabilities	-	-	-
Accrued Vacation	-	-	-
Deferred Revenue	-	-	-
Employer's Pension Payable	-	-	-
Net Cash Provided by (Used in) Operating Activities	\$ (35,157)	\$ 458,664	\$ 423,507
Cash Flows from Investing Activities:			
Loss on Disposal of Equipment	-	-	-
Acquisition of Office Equipment	-	-	-
Net Cash Provided by (Used in) Investing Activities	-	-	-
Cash Flows from Financing Activities			
Loan Payable	-	25,000	25,000
Net Cash Provided by (Used in) Financing Activities	-	25,000	25,000
Net Increase (Decrease) in Cash and Cash Equivalents	(35,157)	483,664	448,507
Cash and Cash Equivalents, December 31, 2016	35,157	49,193	84,350
Cash and Cash Equivalents, December 31, 2017	\$ -	\$ 532,857	\$ 532,857

The accompanying notes are an integral part of these financial statements

**MOMS AGAINST POVERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1: Organization and Basis of Presentation

Moms Against Poverty (the "Organization") is a California nonprofit, locally-based 501(c)(3) public and charitable organization which was established in 2008. The mission of the Organization is to nurture and educate underprivileged children to their fullest potential so that, one day, they can contribute and lead within their own communities, thus breaking the cycle of poverty. The Organization develops and advances its programs, one community at a time, by assisting children located in various countries with their basic needs such as food, shelter, and orphan care. Furthermore, the Organization strives to empower children with appropriate education programs.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) and are presented on the accrual basis of accounting following the standards of accounting and reporting in accordance with Financial Accounting Standards Board's (FASB) Accounting Standard Codification (ASC) 958, formerly *Statement of Financial Accounting Standards No. 117*, financial statements of nonprofit organizations. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The following is how the net assets are classified:

- Unrestricted net assets include those assets over which the Board of Directors has discretionary control in carrying out the operations of the Organization.
- Temporarily restricted net assets include those assets which are subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period.
- Permanently restricted net assets include those assets which are subject to non-expiring donor restrictions, such as endowments.

In the opinion of management, the accompanying financial statements include all necessary adjustments for a fair presentation of the financial position and the results of operations for the year presented.

Note 2: Summary of Significant Accounting Policies

Revenue Recognition

Contributions are recognized as revenue when received or unconditionally promised. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

**MOMS AGAINST POVERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2: Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers instruments that are guaranteed by the Federal Reserve, can be converted into cash within a short term, and have maturities of three months or less to be cash equivalents. At December 31, 2017, the Organization's bank account exceeded the Federal Deposit Reserve Insurance limit. The Organization had only cash, no cash equivalents.

Income Tax

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and from California Franchise taxes under Section 23701(d) of the Revenue and Taxation Code. The Organization is only required to submit annual federal and state informational returns, therefore, no provision for federal and/or state income taxes are included in the financial statements.

Income Taxes

Generally accepted accounting principles provide accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

The Organization files information returns in the U.S. federal jurisdiction and the State of California. The Organization's open tax years subject to examination by taxing authorities include 2017, 2016, and 2015. The California state return is subject to an additional year and therefore the 2014 return is open as well.

Property and Equipment

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repair and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair market value at the time of date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the property and equipment.

Total depreciation expense for the year ended December 31, 2017 was \$900.

**MOMS AGAINST POVERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 2: Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States, 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 be different from those estimates.

Significant items subject to such estimates and assumptions include the useful lives of property and equipment, and other contingencies. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Management believes its estimates to be reasonable under the circumstances. The current economic environment has increased the degree of uncertainty inherent in those estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates.

Long-Lived Assets

The Organization's long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to the future expected cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are reported at the lower of their carrying amount or the fair value of the asset, less costs to sell.

Subsequent Events

The Organization has evaluated events and transactions that occurred after the balance sheet date through June 3, 2019, the date of the auditor's report and when the financial statements were available for issuance, and have determined there have not been any events which require adjustment to, or disclosure in, the accompanying financial statements.

**MOMS AGAINST POVERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 3: Net Assets

At December 31, 2017, a total of \$541,647 in net assets were temporarily restricted.

Note 4: In-Kind Contributions

The Organization recognizes donated goods and services as income in the period contributed, and expense in the period the donated good or service benefits. Donated services must create and enhance non-financial assets or require specialized skills (such as professional services which would otherwise need to be purchased if not provided by donation) in order to qualify for recognition in the statement of activities. During the year ended December 31, 2017, the Organization received \$3,961 of in-kind income in the form of goods used for it fundraising activities.

Note 5. Furniture and Equipment

Property and equipment consist of the following at December 31, 2017:

Furniture and Equipment	\$	5,260
Less:		
Accumulated depreciation		<u>(3,301)</u>
Net property and equipment	\$	<u>1,959</u>

Note 6. Loan Payable

The Organization entered into a line of credit (LOC) agreement under a master revolving note with a bank on August 4, 2017. This note has a maximum draw amount of \$250,000 with principal due on demand by the bank at any time. The bank is not under obligation to make any advances under this note at any given time. The note carries various covenants that the Organization is required to meet. The Organization was in compliance with these covenants except for the covenant requiring an annual CPA audited financial statements of the Organization within 120 days of each Organization fiscal year end. Advances are subject to a floating annual interest rate that changes based upon various indexes. At the date of the audit report the interest rate was 6.7%. Balance owed to the bank by the Organization under this LOC agreement at the balance sheet date was \$25,000.

Note 7. Foreign Operation

The Organization gives grants and other donations to various organizations (other organizations) that operate in foreign countries. During 2017 the countries/geographical regions these other organizations operated in were: Africa, Cambodia, India and Iran.

**MOMS AGAINST POVERTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 8: Commitments & Contingencies

Temporarily restricted donation

The Organization received temporarily restricted assets during the year to be used for various specific purposes consistent with the Organization's charitable purpose.

Foreign Operations

The Organization gives grants and other donations to various other organizations that operate in foreign countries. Monitoring the use of these grant and other donations in foreign countries is often challenging due to distance, remote locations, local languages, government regulations, and currency transactions. These monitoring challenges, while for the most part addressed by the Organization's internal controls, have caused the Organization to have some operational areas still in need of upgrade to meet all regulatory and exemption requirements. MAP management is currently working to address any remaining operational areas still in need of upgrade to meet all regulatory and exemption requirements.

The Organization has a license from the US Treasury department to conduct charitable activities in Iran through August 31, 2019. This license has not been renewed as of the date of the auditors' report.

Management Letter

The auditors' have issued management an advisory letter with recommendations for enhancing internal controls, restricted asset tracking, management payments, insurance, and supervision of foreign operations.

Budgetary commitments for expenditures in 2018

The Organization's board of directors has made commitments, contingent upon availability of funds, to donate approximately \$1,400,000 to on going charitable operations and new projects during 2018. The details of these commitments are contained in the Organization's 2018 budget.