MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2018 AND 2017

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(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
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Independent Auditors' Report

To the Board of Governors
Multiplying Good, Inc.

We have audited the accompanying financial statements of Multiplying Good, Inc. (formerly The Jefferson Awards for Public Service, Inc.) (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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.

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To the Board of Governors
Multiplying Good, Inc.

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 Multiplying Good, Inc. (formerly The Jefferson Awards for Public Service, Inc.) as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adjustments to Prior Period Financial Statements

As discussed in Note 14 to the financial statements, the Organization has restated its 2017 financial statements during the current year to correct overstatements of previously reported contributions receivable and prepaid expenses, in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Notes 1 and 14 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended December 31, 2018. The requirements of this new accounting pronouncement have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Belfint, Lyons & Shuman, P.A.

April 25, 2019
Wilmington, Delaware

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents	$ 280,052	$ 237,652
Investments	2,755,724	3,082,482
Accounts and Grants Receivable	48,910	127,435
Contributions Receivable, Current Portion	357,777	260,000
Prepaid Expenses and Other Assets	82,638	63,681
TOTAL CURRENT ASSETS	3,525,101	3,771,250
OTHER ASSETS		
Contributions Receivable, Net of Current Portion and Discount	20,000	-
Property and Equipment, Net of Accumulated Depreciation	36,251	56,079
TOTAL OTHER ASSETS	56,251	56,079
TOTAL ASSETS	$ 3,581,352	$ 3,827,329

LIABILITIES AND NET ASSETS

	2018	2017
CURRENT LIABILITIES		
Line of Credit	$ 1,788,000	$ 2,010,000
Accounts Payable	22,143	26,141
Accrued Expense and Other Liabilities	18,076	51,745
Deferred Revenues	-	10,000
TOTAL LIABILITIES	1,828,219	2,097,886
NET ASSETS		
Without Donor Restrictions	1,275,356	1,369,443
With Donor Restrictions	477,777	360,000
TOTAL NET ASSETS	1,753,133	1,729,443
TOTAL LIABILITIES AND NET ASSETS	$ 3,581,352	$ 3,827,329

The accompanying notes are an integral part of these financial statements.

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Corporate, Individual, and Community Contributions	$ 1,971,459	$ 358,527	$ 2,329,986
Program Fees	621,425	-	621,425
Special Event Income	588,491	-	588,491
In-Kind Contributions - Media Advertising	6,324,820	-	6,324,820
Contributed Services	1,076,138	-	1,076,138
Investment Return Designated for Operations	180,000	-	180,000
Other Income	1,774	-	1,774
Net Assets Released from Restrictions	240,750	(240,750)	-
TOTAL REVENUE AND OTHER SUPPORT	11,004,857	117,777	11,122,634
EXPENSES			
Program	10,184,688	-	10,184,688
Management and General	323,306	-	323,306
Fundraising	344,982	-	344,982
TOTAL EXPENSES	10,852,976	-	10,852,976
CHANGE IN NET ASSETS FROM OPERATIONS	151,881	117,777	269,658
NONOPERATING INCOME			
Investment Loss Net of Designation to Operations	(245,968)	-	(245,968)
CHANGE IN NET ASSETS	(94,087)	117,777	23,690
NET ASSETS - Beginning of Year	1,369,443	360,000	1,729,443
NET ASSETS - End of Year	$ 1,275,356	$ 477,777	$ 1,753,133

The accompanying notes are an integral part of these financial statements.

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Corporate, Individual, and Community Contributions	$ 1,436,881	$ 342,000	$ 1,778,881
Program Fees	632,750	-	632,750
Special Event Income	678,550	-	678,550
In-Kind Contributions - Media Advertising	6,810,448	-	6,810,448
Contributed Services	1,198,347	-	1,198,347
Investment Return Designated for Operations	180,000	-	180,000
Other Income	1,926	-	1,926
Net Assets Released from Restrictions	297,157	(297,157)	-
TOTAL REVENUE AND OTHER SUPPORT	11,236,059	44,843	11,280,902
EXPENSES			
Program	10,663,091	-	10,663,091
Management and General	285,407	-	285,407
Fundraising	295,616	-	295,616
TOTAL EXPENSES	11,244,114	-	11,244,114
CHANGE IN NET ASSETS FROM OPERATIONS	(8,055)	44,843	36,788
NONOPERATING INCOME			
Investment Return Net of Designation to Operations	141,536	-	141,536
CHANGE IN NET ASSETS	133,481	44,843	178,324
NET ASSETS - Beginning of Year, as Restated	1,235,962	315,157	1,551,119
NET ASSETS - End of Year, as Restated	$ 1,369,443	$ 360,000	$ 1,729,443

The accompanying notes are an integral part of these financial statements.

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	Program	Management and General	Fundraising	Total
OPERATING EXPENSES				
Salaries and Wage Payroll Fees	$ 1,392,220	$ 163,791	$ 81,895	$ 1,637,906
Payroll Taxes	112,343	13,217	6,608	132,168
Employee Benefits	123,418	14,520	7,260	145,198
Contract Employees	131,294	-	25,000	156,294
Other Employee Costs	-	32,813	-	32,813
In-Kind Contributions - Media Advertising	6,324,820	-	-	6,324,820
Contributed Services	1,076,138	-	-	1,076,138
Event Expense - Non-Training	335,185	-	143,651	478,836
Event Expense - Training	124,971	-	-	124,971
Travel and Meals	123,768	7,280	14,561	145,609
Public Relations, Promotion, and Marketing	131,764	-	23,252	155,016
Office Supplies	17,004	1,000	2,001	20,005
Professional Fees	20,955	13,970	-	34,925
Postage and Shipping	15,857	933	1,865	18,655
Printing and Publication	30,677	1,805	3,609	36,091
Rent and Occupancy	42,338	14,113	14,112	70,563
Bank and Processing Fees	-	10,511	-	10,511
Technology and Communication	102,322	6,395	19,185	127,902
Insurance	13,911	4,637	-	18,548
Interest Expense	37,330	37,330	-	74,660
Miscellaneous	11,519	-	-	11,519
TOTAL OPERATING EXPENSES	10,167,834	322,315	342,999	10,833,148
OTHER EXPENSES				
Depreciation and Amortization	16,854	991	1,983	19,828
TOTAL FUNCTIONAL EXPENSES	$ 10,184,688	$ 323,306	$ 344,982	$ 10,852,976

The accompanying notes are an integral part of these financial statements.

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017

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	Program	Management and General	Fundraising	Total
OPERATING EXPENSES				
Salaries and Wage Payroll Fees	$ 1,378,737	$ 162,204	$ 81,102	$ 1,622,043
Payroll Taxes	114,719	13,496	6,748	134,963
Employee Benefits	145,891	17,164	8,581	171,636
Contract Employees	57,773	-	3,041	60,814
In-Kind Contributions - Media Advertising	6,810,448	-	-	6,810,448
Contributed Services	1,198,347	-	-	1,198,347
Event Expense - Non-Training	319,760	-	137,040	456,800
Event Expense - Training	122,394	6,442	-	128,836
Travel and Meals	104,962	13,120	13,121	131,203
Public Relations, Promotion, and Marketing	72,890	-	12,863	85,753
Office Supplies	19,502	1,147	2,295	22,944
Professional Fees	43,744	9,552	1,910	55,206
Postage and Shipping	17,182	-	3,032	20,214
Printing and Publication	14,680	-	2,591	17,271
Rent and Occupancy	48,406	10,373	10,373	69,152
Bank and Processing Fees	7,086	1,329	442	8,857
Technology and Communication	103,200	6,071	12,141	121,412
Insurance	19,999	6,666	-	26,665
Interest Expense	37,508	37,508	-	75,016
Miscellaneous	6,036	335	336	6,707
TOTAL OPERATING EXPENSES	10,643,264	285,407	295,616	11,224,287
OTHER EXPENSES				
Depreciation and Amortization	19,827	-	-	19,827
TOTAL FUNCTIONAL EXPENSES	$ 10,663,091	$ 285,407	$ 295,616	$ 11,244,114

The accompanying notes are an integral part of these financial statements.

MULTIPLYING GOOD, INC.
(FORMERLY THE JEFFERSON AWARDS FOR PUBLIC SERVICE, INC.)
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 23,690	$ 178,324
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation and Amortization	19,828	19,827
Donated Investments	(92,139)	(218,938)
Net Realized Gain on Sale of Investments	(365,366)	(92,991)
Net Unrealized (Gain) Loss on Investments	479,225	(184,580)
(Increase) Decrease in Assets		
Accounts and Grants Receivable	78,525	1,668
Contributions Receivable	(117,777)	52,915
Prepaid Expenses and Other Assets	(18,957)	(17,073)
Increase (Decrease) in Liabilities		
Accounts Payable	(3,998)	(1,791)
Accrued Expenses	(33,669)	(193,522)
Deferred Revenue	(10,000)	(20,000)
NET CASH FROM OPERATING ACTIVITIES	(40,638)	(476,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,731,339)	(907,640)
Proceeds from Sale of Investments	2,036,377	1,085,892
NET CASH FROM INVESTING ACTIVITIES	305,038	178,252
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Repayments of Lines of Credit	(222,000)	(90,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	42,400	(387,909)
CASH AND CASH EQUIVALENTS - Beginning of Year	237,652	625,561
CASH AND CASH EQUIVALENTS - End of Year	$ 280,052	$ 237,652
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	$ 74,660	$ 75,016

The accompanying notes are an integral part of these financial statements.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Multiplying Good, Inc. (formerly The Jefferson Awards for Public Service, Inc.) (Organization) is a national nonprofit organization formed on June 22, 1972. The Organization focuses on elevating public service as a means to empower individuals. Its continuum of activation, training, and recognition has generated ripples of good through service to others. The Organization's support is derived primarily from charitable contributions, fundraising, and program support.

The Organization offers powerful programs that help individuals discover their potential through service to others in the following areas:

Programs for Youth - Helping youth become confident, empathic, and empowered leaders. Youth programs include:

Students in Action - a youth service, leadership training, and recognition program that gives teenagers confidence in their ability to make a difference and the skills to do it well.

Youth Leadership Training - empowering young people involved in service to maximize the impact of their efforts.

Youth Service Recognition - recognizing young people for outstanding service to others.

Corporate Partner Program - Provide opportunities to activate the participant's workforce and support vital youth service, leadership training, and recognition.

Media Partner Program - Media partners work with the Organization to systematically tell good news stories in the context of a national brand and recognize and elevate the best of their communities.

Jefferson Awards - Since its inception, the Organization has recognized those who put others first. Through the power and importance of recognition, those receiving Jefferson Awards are empowered to do more, while their stories inspire others to action.

In February 2019, the Organization amended its corporate documents to change its name from The Jefferson Awards for Public Service, Inc. to Multiplying Good, Inc. to more accurately reflect the breadth of its mission and programs.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> <u>*Net Assets Without Donor Restrictions*</u> - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.
>
> <u>*Net Assets With Donor Restrictions*</u> - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition - Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions - Volunteers contribute significant amounts of time to the Organization's program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. Donated professional services, including in-kind media advertising, are recorded at the respective fair values of the services received (Note 4).

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, and those differences could be material.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Cash and Cash Equivalents - The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Investments - The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments in marketable equity securities and debt securities are stated at fair value as determined by quoted market prices. Net investment income return (loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income restricted by donors is reported as an increase in net assets with donor restrictions.

Accounts and Grants Receivable - Accounts receivable consist primarily of noninterest-bearing amounts due for program fees. The Organization does not accrue finance or interest charges. On a periodic basis, management evaluates its accounts and grants receivable balances based on the history of past write-offs, collections, and current credit conditions. An account is written off when it is determined that all collections efforts have been exhausted. As of December 31, 2018 and 2017, all accounts and grants receivable were expected to be collected and no allowance was required.

Contributions Receivable - Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The Organization determines an allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of December 31, 2018 and 2017, the allowance was $0.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

***Property and Equipment* -** Property and equipment additions over $1,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from three to seven years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property and Equipment - Continued

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2018 and 2017.

***Financial Instruments and Credit Risk* -** The Organization manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Uninsured balances were $0 and $29,238 as of December 31, 2018 and 2017, respectively.

Credit risk associated with accounts receivable and contributions receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from recurring donors supportive of the Organization's mission.

Investments are made by diversified investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Investment Return Designated for Operations - The Organization allocates a portion of investment income to operations. The allocation of investment income for operations of $180,000 for years ended December 31, 2018 and 2017, was determined by the board of governors.

Advertising - Costs incurred for advertising are expensed when incurred. The Organization incurred advertising expenses for public relations and marketing in the amount of $155,016 and $85,753 for the years ended December 31, 2018 and 2017, respectively. The value of in-kind media advertising services provided by the Organization's Media Partner Program is disclosed in Note 4.

***Functional Allocation of Expenses* -** The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, there is no provision for income taxes. The Organization is not aware of any activities that would jeopardize its tax-exempt status. Donors may deduct contributions to the Organization as provided by the Internal Revenue Service (IRS) Code.

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. The guidance further prescribes recognition and measurement of tax provisions taken, or expected to be taken, on a tax return that are not certain to be realized. The application of this standard had no impact on the Organization's financial statements as of December 31, 2018 and 2017. The Organization's federal Form 990 is subject to examination by the IRS, generally for three years after filing.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditors' report, which was the date the financial statements were available to be issued.

Change in Accounting Principle - On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *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. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions. A summary of the net asset reclassifications resulting from the adoption of ASU 2016-14 is presented in Note 14.

NOTE 2: AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual, board designation, or donor-imposed restrictions within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from the quasi-endowment for general expenditure within one year of the balance sheet date have not been subtracted as unavailable.

Financial Assets as of December 31, 2018	
Cash and Cash Equivalents	$ 280,052
Investments	2,755,724
Accounts and Grants Receivable	48,910
Pledges Receivable	377,777
Prepaid Expenses and Other Assets	82,638
Total Financial Assets as of December, 31 2018	3,545,101
Less Amounts Not Available to be Used Within One Year	
Net Assets With Donor Imposed Restrictions	(477,777)
Add Back Donor-Imposed Time Restrictions That Expire in Less Than One Year	357,777
Add Back Purpose Restrictions Expected to be Met in Less Than One Year	100,000
Quasi-Endowment Established by Board Designation	(2,876,512)
Add Back Investment Return Designated for Operations	180,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 828,589

Invested reserves are subject to an annual spending rate of $180,000 as described in Note 7. Although the Organization does not intend to spend from board-designated endowment funds (other than amounts appropriated for general expenditure as part of the board's annual budget approval and appropriation), these amounts could be made available by board resolution, if necessary.

The Organization's short-term liquidity plan is to maintain readily available resources, operating cash, and an available line of credit to cover 30 days to 120 days of operating expenses. In addition, the Organization maintains unrestricted investment reserves approximating 30 to 60 days of operating expenses. The Organization's long-term liquidity plan is to increase its operating cash and liquid investment reserve position to maintain approximately 180 days of operating expenses available at all times.

As described in Note 9, the Organization has a committed line of credit in the amount of $2,100,000, which it could draw upon in the event of an unanticipated liquidity need.

NOTE 3: FAIR VALUE MEASUREMENTS AND DISCLOSURES

The Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability, developed based on the best information available in the circumstances. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 - Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Valuation methodologies used for assets measured at fair value are as follows:

Common Stock - The fair value of common stock is generally based on quoted market prices for the identical stock.

Corporate Bonds - The fair value for corporate bonds is generally based on quoted market prices for the identical bond; however, quoted market prices may vary for a variety of reasons including the number of market makers and the volume of identical bonds traded on the date of valuation. Estimated fair value may be determined by using other significant observable inputs, such as quoted prices for similar bonds.

NOTE 3: FAIR VALUE MEASUREMENTS AND DISCLOSURES - CONTINUED

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds 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. The mutual funds held by the Organization are deemed to be actively traded.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of December 31, 2018 and 2017:

	2018			
	Level 1	Level 2	Level 3	Total
Common Stock	$ 825,752	$ -	$ -	$ 825,752
Corporate Bonds	1,929,972	-	-	1,929,972
Total Investments, at Fair Value	$ 2,755,724	$ -	$ -	$ 2,755,724

	2017			
	Level 1	Level 2	Level 3	Total
Mutual Funds	$ 3,909	$ -	$ -	$ 3,909
Common Stock	1,975,797	-	-	1,975,797
Corporate Bonds	1,102,776	-	-	1,102,776
Total Investments, at Fair Value	$ 3,082,482	$ -	$ -	$ 3,082,482

NOTE 4: IN-KIND CONTRIBUTIONS

The Organization recognized $6,324,820 and $6,810,448 of in-kind media advertising in the financial statements as revenue for the years ended December 31, 2018 and 2017, respectively. This advertising, including media time or space for public service announcements or other purposes, was used for the Organization's benefit and increased the public's awareness of the Organization, its mission, and the benefits of and need for public service. This donated media advertising was measured at fair value and the related expense was recognized and reported by function based on the nature of the contribution.

The Organization recognized $1,076,138 and $1,198,347 of contributed services in the financial statements as revenue for the years ended December 31, 2018 and 2017, respectively. Those donated services were of a specialized skill that the Organization would have had to purchase if not contributed. The donated services were measured at fair value and the related expense was reported by function, based on the nature of the contribution.

NOTE 4: IN-KIND CONTRIBUTIONS - CONTINUED

In addition to the many volunteers that contribute their time in furtherance of its mission, the Organization's Chief Executive Officer (CEO) contributes her time and services in fulfilling her role. The services of the CEO are not reflected in the accompanying financial statements because they do not meet the necessary criteria for recognition under accounting principles generally accepted in the United States of America. The Organization estimates the value of these unrecorded services to be $125,000.

NOTE 5: INVESTMENTS

Investments as of December 31, 2018 and 2017 were as follows:

	2018		2017	
	Cost	Value	Cost	Value
Mutual Funds	$ -	$ -	$ 4,560	$ 3,909
Common Stock	712,549	825,752	1,499,544	1,975,797
Corporate Bonds	1,964,447	1,929,972	1,102,426	1,102,776
Total Investments	$ 2,676,996	$ 2,755,724	$ 2,606,530	$ 3,082,482

Investment income (loss) is presented in the statements of activities as follows for the years ended December 31:

	2018	2017
Investment Income Designated for Operations	$ 180,000	$ 180,000
Investment Return (Loss) Net of Designation to Operations	(245,968)	141,536
Total Investment Income (Loss)	$ (65,968)	$ 321,536

The components of investment income (loss) are as follows for the years ended December 31:

	2018	2017
Dividend and Interest Income	$ 76,370	$ 72,926
Realized Gains	365,366	92,991
Unrealized Gains (Losses)	(479,225)	184,580
Less: Investment Expenses	(28,479)	(28,961)
Total Investment Income (Loss)	$ (65,968)	$ 321,536

NOTE 6: CONTRIBUTIONS RECEIVABLE

The following contributions receivable were outstanding as of December 31:

	2018	2017
Receivable in Less than One Year	$ 357,777	$ 270,000
Receivable in One to Five Years	20,000	-
	377,777	270,000
Less: Discounts to Net Present Value	-	-
Total Pledges Receivable - Net	$ 377,777	$ 270,000

NOTE 7: ENDOWMENT

The Organization's endowment fund (Endowment) includes certain invested net assets without donor restrictions that have been designated for endowment by the board of governors. The Organization's quasi-endowment spending rate was $180,000 for 2018 and 2017. The Organization has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Endowment net asset composition by type of fund as of December 31, 2018 and 2017 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2018			
Board-Designated Endowment Fund	$ 2,876,512	$ -	$ 2,876,512
December 31, 2017			
Board-Designated Endowment Fund	$ 3,119,685	$ -	$ 3,119,685

NOTE 7: ENDOWMENT - CONTINUED

Changes in endowment net assets for the year ended December 31, 2018 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 3,119,685	$ -	$ 3,119,685
Investment Income (Loss), Net	(65,968)	-	(65,968)
Appropriation of Endowment Assets to Operations	(180,000)	-	(180,000)
Other Deposits into Fund	2,795	-	2,795
Endowment Net Assets - End of Year	$ 2,876,512	$ -	$ 2,876,512

Changes in endowment net assets for the year ended December 31, 2017 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 3,192,270	$ -	$ 3,192,270
Investment Income (Loss), Net	321,536	-	321,536
Appropriation of Endowment Assets to Operations	(394,121)	-	(394,121)
Endowment Net Assets - End of Year	$ 3,119,685	$ -	$ 3,119,685

NOTE 8: PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2018 and 2017 were as follows:

	2018	2017
Furniture and Equipment	$ 42,663	$ 42,663
Software	111,165	111,165
Leasehold Improvements	5,600	5,600
Total Property and Equipment	159,428	159,428
Less: Accumulated Depreciation	(123,177)	(103,349)
Net Property and Equipment	$ 36,251	$ 56,079

NOTE 9: LINE OF CREDIT

As of December 31, 2018 and 2017, the Organization had a line of credit that permits borrowing up to a maximum amount of $2,100,000. The line of credit is due on demand with no specified expiration date. The line is secured by an investment account held by the Organization. The value of the collateralized investment account as of December 31, 2018 and 2017 was $2,872,494 and $3,115,765, respectively. The line bears interest at the LIBOR daily floating rate plus 2% (4.52% and 4.11% as of December 31, 2018 and 2017, respectively). As of December 31, 2018 and 2017, the outstanding balance on the line of credit was $1,788,000 and $2,010,000, respectively.

NOTE 10: LEASE COMMITMENTS

The Organization leases office space in Wilmington, Delaware under a noncancelable operating lease, which expires October 2022. The Organization also leases office space in New York, New York under a noncancelable operating lease, which expires January 2021. Rent expense for the years ended December 31, 2018 and 2017 was $70,563 and $69,152, respectively. The following is a schedule by year of future minimum payments for the noncancelable operating leases described above:

Year Ending December 31	Amount
2019	$ 79,850
2020	85,230
2021	28,080
2022	14,525
	$ 207,685

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2018	2017
Subject to Expenditure for a Specific Purpose		
Membership Model Feasibility Analysis	$ 100,000	$ 100,000
Subject to the Passage of Time		
Contributions Receivable that are Not Restricted by Donors But Which are Unavailable for Expenditure Until Due	377,777	260,000
Total Net Assets With Donor Restrictions	$ 477,777	$ 360,000

NOTE 12: RETIREMENT BENEFITS

The Organization sponsors an IRS Section 408(p) SIMPLE qualified retirement plan. The plan covers all full-time employees who are at least 21 years old. In December 2017, the Organization made the decision to discontinue its matching policy effective June 15, 2018. Prior to discontinuation, the Organization matched up to three percent of employee salary. The Organization's matching contributions were $12,762 and $30,685 for the years ended December 31, 2018 and 2017, respectively.

NOTE 13: FUNCTIONALIZED EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The following chart details the methods of allocation for significant expense categories that are allocated:

Expense Category	Method of Allocation
Salaries and Wage Payroll Fees	Based on Estimates of Time and Effort for Full-time Employee Staff
Payroll Taxes	Based on Estimates of Time and Effort for Full-time Employee Staff
Employee Benefits	Based on Estimates of Time and Effort for Full-time Employee Staff
Contract Employees	Based on Estimates of Time and Effort for Contract Staff
Event Expense - Non-Training	Based on Estimates of Percentage of Event Dedicated to Each Category
Travel and Meals	Based on Estimates of Percentage of Travel Dedicated to Each Category
Public Relations, Promotion, and Marketing	Based on Allocable Benefit of the Communication or Promotion
Office Supplies	Based on Estimates of Time and Effort
Professional Fees	Based on Estimates of Time and Effort
Postage and Shipping	Based on Allocable Benefit of the Communication or Promotion
Printing and Publication	Based on Allocable Benefit of the Communication or Promotion
Rent and Occupancy	Based on a Percentage of Staff Time in Occupied Office Space
Technology and Communication	Based on Estimates of Time and Effort for Full-time Employee Staff
Insurance	Based on a Percentage of Staff Time in Occupied Office Space
Depreciation and Amortization	Based on a Percentage of Staff Time in Occupied Office Space

NOTE 14: ADJUSTMENTS TO PRIOR PERIOD FINANCIAL STATEMENTS

The Organization has restated its 2017 financial statements during the current year to correct overstatements of previously reported contributions receivable and prepaid expenses, in accordance with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958), *Presentation of Financial Statements of Not-for-Profit Entities,* as of and for the year ended December 31, 2018. The requirements of this new accounting pronouncement have been applied retrospectively to all periods presented.

The effect on the above-referenced correction and the implementation of the new accounting pronouncement on the 2017 financial statements is as follows:

	As Previously Reported	Restatement for Correction	Effect of New Accounting Pronouncement	As Restated
As of December 31, 2017				
Contributions Receivable, Current Portion	$ 270,000	$ (10,000)	$ -	$ 260,000
Prepaid Expenses and Other Assets	80,681	(17,000)	-	63,681
Net Assets - Unrestricted	1,386,443	(17,000)	(1,369,443)	-
Net Assets - Temporarily Restricted	370,000	(10,000)	(360,000)	-
Net Assets - With Donor Restrictions	-	-	360,000	360,000
Net Assets - Without Donor Restrictions	-	-	1,369,443	1,369,443
Total Net Assets	1,756,443	(27,000)	-	1,729,443
For the Year Ended December 31, 2017				
Program Services Expenses	10,646,091	17,000	-	10,663,091
Management and General Expenses	314,368	-	(28,961)	285,407
Total Expenses	11,256,075	17,000	(28,961)	11,244,114
Investment Return (Loss) Net of Designation to Operations	170,497	-	(28,961)	141,536
Change in Net Assets	195,324	(17,000)	-	178,324
As of December 31, 2016				
Total Net Assets	1,561,119	(10,000)	-	1,551,119

In addition, certain accounts in the prior year's financial statements have been reclassified for comparative purposes to conform to the presentation of the current year's financial statements. These reclassifications had no effect on previously reported change in net assets or total assets.