MULTIPLYING GOOD, INC.

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2019 AND 2018

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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. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, 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. as of December 31, 2019 and 2018, 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.

Belfint, Lyons & Shuman, P.A.

May 18, 2020
Wilmington, Delaware

MULTIPLYING GOOD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and Cash Equivalents	$ 248,549	$ 280,052
Investments	2,841,921	2,755,724
Accounts Receivable	46,148	48,910
Contributions Receivable, Current Portion	766,484	357,777
Prepaid Expenses and Other Assets	75,024	82,638
TOTAL CURRENT ASSETS	3,978,126	3,525,101
OTHER ASSETS		
Contributions Receivable, Net of Current Portion and Discount	10,000	20,000
Property and Equipment, Net of Accumulated Depreciation	91,503	36,251
TOTAL OTHER ASSETS	101,503	56,251
TOTAL ASSETS	$ 4,079,629	$ 3,581,352

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Line of Credit	$ 1,965,000	$ 1,788,000
Accounts Payable	1,350	22,143
Accrued Expense and Other Liabilities	7,853	18,076
Deferred Revenues	30,000	-
TOTAL LIABILITIES	2,004,203	1,828,219
NET ASSETS		
Without Donor Restrictions	1,264,052	1,275,356
With Donor Restrictions	811,374	477,777
TOTAL NET ASSETS	2,075,426	1,753,133
TOTAL LIABILITIES AND NET ASSETS	$ 4,079,629	$ 3,581,352

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

MULTIPLYING GOOD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Corporate, Individual, and Community Contributions	$ 980,932	$ 1,345,458	$ 2,326,390
Program Fees	323,000	-	323,000
Event Income	978,449	-	978,449
In-Kind Contributions - Media Advertising	4,996,248	-	4,996,248
Contributed Services	810,029	-	810,029
Investment Return Designated for Operations	180,000	-	180,000
Net Assets Released from Restrictions	1,011,861	(1,011,861)	-
TOTAL REVENUE AND OTHER SUPPORT	9,280,519	333,597	9,614,116
EXPENSES			
Program	8,650,311	-	8,650,311
Management and General	321,447	-	321,447
Fundraising	519,335	-	519,335
TOTAL EXPENSES	9,491,093	-	9,491,093
CHANGE IN NET ASSETS FROM OPERATIONS	(210,574)	333,597	123,023
NONOPERATING INCOME			
Investment Gain, Net of Designation to Operations	199,270	-	199,270
CHANGE IN NET ASSETS	(11,304)	333,597	322,293
NET ASSETS - Beginning of Year	1,275,356	477,777	1,753,133
NET ASSETS - End of Year	$ 1,264,052	$ 811,374	$ 2,075,426

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

MULTIPLYING GOOD, 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
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.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

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	Program	Management and General	Fundraising	Total
OPERATING EXPENSES				
Salaries and Wage Payroll Fees	$ 1,469,689	$ 137,988	$ 299,078	$ 1,906,755
Payroll Taxes	111,597	12,583	16,924	141,104
Employee Benefits	110,584	10,581	21,846	143,011
Contract Employees	104,998	6,101	20,974	132,073
Other Employee Costs	-	4,580	-	4,580
In-Kind Contributions - Media Advertising	4,996,248	-	-	4,996,248
Contributed Services	810,029	-	-	810,029
Event Expense - Non-Training	370,282	-	65,344	435,626
Event Expense - Training	100,137	-	-	100,137
Travel and Meals	219,760	11,093	22,302	253,155
Public Relations, Promotion, and Marketing	100,444	-	33,481	133,925
Office Supplies	-	2,442	4,911	7,353
Professional Fees	32,000	13,714	-	45,714
Postage and Shipping	4,802	2,461	4,948	12,211
Printing and Publication	14,546	2,245	4,514	21,305
Rent and Occupancy	64,486	13,795	9,375	87,656
Bank and Processing Fees	-	8,513	-	8,513
Technology and Communication	57,295	7,382	12,688	77,365
Insurance	18,663	7,998	-	26,661
Interest Expense	39,059	39,058	-	78,117
Miscellaneous	619	39,438	-	40,057
TOTAL OPERATING EXPENSES	8,625,238	319,972	516,385	9,461,595
OTHER EXPENSES				
Depreciation and Amortization	25,073	1,475	2,950	29,498
TOTAL FUNCTIONAL EXPENSES	$ 8,650,311	$ 321,447	$ 519,335	$ 9,491,093

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

MULTIPLYING GOOD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

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	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	123,783	7,281	14,563	145,627
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	102,307	6,394	19,183	127,884
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.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 322,293	$ 23,690
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities		
Depreciation and Amortization	29,498	19,828
Net Realized Gain on Sale of Investments	(24,478)	(365,366)
Net Unrealized (Gain) Loss on Investments	(296,858)	479,225
(Increase) Decrease in Assets		
Accounts Receivable	2,762	78,525
Contributions Receivable	(398,707)	(117,777)
Prepaid Expenses and Other Assets	(8,798)	(18,957)
Increase (Decrease) in Liabilities		
Accounts Payable	(20,793)	(3,998)
Accrued Expenses	(10,223)	(33,669)
Deferred Revenue	30,000	(10,000)
NET CASH FROM OPERATING ACTIVITIES	(375,304)	51,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(877,047)	(1,731,339)
Proceeds from Sale of Investments	1,112,186	1,944,238
Purchase of Property and Equipment	(68,338)	-
NET CASH FROM INVESTING ACTIVITIES	166,801	212,899
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Draws on (Repayments of) Lines of Credit	177,000	(222,000)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(31,503)	42,400
CASH AND CASH EQUIVALENTS - Beginning of Year	280,052	237,652
CASH AND CASH EQUIVALENTS - End of Year	$ 248,549	$ 280,052
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest Paid	$ 78,117	$ 74,660
Donated Investments Sold and Included as Operating Cash Inflows	$ 492,408	$ 92,139
Noncash Investing and Financing Activities		
Increase (Decrease) in Deposit to Acquire Property and Equipment	$ (16,412)	$ 16,412

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. (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:

> *Net Assets Without Donor Restrictions* - 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.
>
> *Net Assets With Donor Restrictions* - 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 - The Organization recognizes revenue from program fees and events when the services or events are provided. Program fees consist primarily of Champion fees and Media Partner fees. These fees function in a manner similar to membership dues, which are nonrefundable, and are comprised of an exchange element based on the benefits received. The Organization recognizes program fees over a period of time consistent with the relevant Champion or Media Partner period. The Organization recognizes event revenue at a point in time concurrent with the specific event.

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, 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 6).

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

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.

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 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 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, 2019 and 2018, all accounts receivable were expected to be collected and no allowance was required.

Receivables from contracts with customers are reported as accounts receivable and contract liabilities are reported as deferred revenue in the statements of financial position.

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, 2019 and 2018, the allowance was $0.

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

***Property and Equipment* -** Property and equipment additions over $1,000 are recorded 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.

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, 2019 and 2018.

***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 as of December 31, 2019 and 2018.

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 the years ended December 31, 2019 and 2018, was determined by the board of governors.

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

Fair Value Measurements - 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.

Advertising - Costs incurred for advertising are expensed when incurred. The Organization incurred advertising expenses for public relations and marketing in the amount of $133,925 and $155,016 for the years ended December 31, 2019 and 2018, respectively. The value of in-kind media advertising services provided by the Organization's Media Partner Program is disclosed in Note 6.

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

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. Such allocations are determined by management on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related employee expenses, which are allocated based on estimates of time and effort for full-time employee staff, as well as depreciation, occupancy, property insurance, which are allocated based on percentage of staff time in occupied office space. All other expenses are allocated based on the benefit derived by the category.

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, 2019 and 2018. 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.

Reclassifications - Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets or changes in net assets.

Changes in Accounting Principles - During the year ended December 31, 2019, the Organization retrospectively changed its accounting methods for revenue recognition and contributions as a result of implementing the requirements in the Financial Accounting Standard Board's (FASB) Accounting Standards Codification (ASC) 606, *Revenue from Contracts with Customers* and FASB Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*.

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

Changes in Accounting Principles - Continued

Revenue Recognition - The new revenue recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The Organization has implemented Topic 606 and has adjusted the presentation in these financial statements accordingly. The adjustments have been applied, retrospectively, to all periods presented, with no effect on net assets.

Contributions - In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the Organization's implementation of ASU 2018-08.

NOTE 2: NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Subject to Expenditure for a Specific Purpose		
Membership Model Feasibility Analysis	$ -	$ 100,000
Public Allies	29,000	-
Youth Advisors	5,000	-
Internships	890	-
Total Subject to Expenditure for a Specific Purpose	34,890	100,000
Subject to the Passage of Time		
Contributions Receivable that are Not Restricted by Donors But Which are Unavailable for Expenditure Until Due	776,484	377,777
Total Net Assets With Donor Restrictions	$ 811,374	$ 477,777

NOTE 3: AVAILABILITY AND LIQUIDITY

The following reflects the Organization's financial assets as of December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual, board designation, or donor-imposed restrictions within one year of the statement of financial position 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 statement of financial position date have not been subtracted as unavailable.

	2019	2018
Financial Assets as of December 31		
Cash and Cash Equivalents	$ 248,549	$ 280,052
Investments	2,841,921	2,755,724
Accounts Receivable	46,148	48,910
Contributions Receivable	776,484	377,777
Total Financial Assets as of December, 31 2019	3,913,102	3,462,463
Less Amounts Not Available to be Used Within One Year		
Net Assets With Donor Imposed Restrictions	(811,374)	(477,777)
Add Back Time Restrictions That Expire in Less Than One Year	766,484	357,777
Add Back Purpose Restrictions Expected to be Met in Less Than One Year	34,890	100,000
Quasi-Endowment Established by Board Designation	(3,073,016)	(2,876,512)
Add Back Investment Return Designated for Operations	180,000	180,000
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,010,086	$ 745,951

Invested reserves are subject to an annual spending rate of $180,000 as described in Note 8. 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 10, 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 4: FAIR VALUE MEASUREMENTS AND DISCLOSURES

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, 2019 and 2018:

	2019				
	Level 1	Level 2	Level 3	Total at Fair Value	Total at Cost
Investments at Fair Value					
Common Stock	$ 927,579	$ -	$ -	$ 927,579	$ 624,271
Corporate Bonds	1,914,342	-	-	1,914,342	1,842,064
Total	$ 2,841,921	$ -	$ -	$ 2,841,921	$ 2,466,335

	2018				
	Level 1	Level 2	Level 3	Total at Fair Value	Total at Cost
Investments at Fair Value					
Common Stock	$ 825,752	$ -	$ -	$ 825,752	$ 712,549
Corporate Bonds	1,929,972	-	-	1,929,972	1,964,447
Total	$ 2,755,724	$ -	$ -	$ 2,755,724	$ 2,676,996

NOTE 5: INVESTMENT INCOME

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

	2019	2018
Investment Income Designated for Operations	$ 180,000	$ 180,000
Investment Return (Loss) Net of Designation to Operations	199,270	(245,968)
Total Investment Income (Loss)	$ 379,270	$ (65,968)

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

	2019	2018
Dividend and Interest Income	$ 86,317	$ 76,370
Realized Gains	24,478	365,366
Unrealized Gains (Losses)	296,858	(479,225)
Less: Investment Expenses	(28,383)	(28,479)
Total Investment Income (Loss)	$ 379,270	$ (65,968)

NOTE 6: IN-KIND CONTRIBUTIONS

The Organization recognized $4,996,248 and $6,324,820 of in-kind media advertising in the financial statements as revenue for the years ended December 31, 2019 and 2018, 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 $810,029 and $1,076,138 of contributed services in the financial statements as revenue for the years ended December 31, 2019 and 2018, 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.

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 $250,000.

NOTE 7: CONTRIBUTIONS RECEIVABLE

The following contributions receivable were outstanding as of December 31:

	2019	2018
Receivable in Less than One Year	$ 766,484	$ 357,777
Receivable in One to Five Years	10,000	20,000
	776,484	377,777
Less: Discounts to Net Present Value	-	-
Total Pledges Receivable - Net	$ 776,484	$ 377,777

NOTE 8: 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 2019 and 2018. 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, 2019 and 2018 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
December 31, 2019			
Board-Designated Endowment Fund	$ 3,073,016	$ -	$ 3,073,016
December 31, 2018			
Board-Designated Endowment Fund	$ 2,876,512	$ -	$ 2,876,512

Changes in endowment net assets for the year ended December 31, 2019 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - Beginning of Year	$ 2,876,512	$ -	$ 2,876,512
Investment Income (Loss), Net	379,270	-	379,270
Appropriation of Endowment Assets to Operations	(180,000)	-	(180,000)
Other Reductions of Fund	(2,766)	-	(2,766)
Endowment Net Assets - End of Year	$ 3,073,016	$ -	$ 3,073,016

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

NOTE 9: PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2019 and 2018 were as follows:

	2019	2018
Furniture and Equipment	$ 45,413	$ 42,663
Software	193,165	111,165
Leasehold Improvements	5,600	5,600
Total Property and Equipment	244,178	159,428
Less: Accumulated Depreciation	(152,675)	(123,177)
Net Property and Equipment	$ 91,503	$ 36,251

NOTE 10: LINE OF CREDIT

As of December 31, 2019 and 2018, 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, 2019 and 2018 was $3,073,016 and $2,872,494, respectively. The line bears interest at the LIBOR daily floating rate plus 2% (3.80% and 4.52% as of December 31, 2019 and 2018, respectively). As of December 31, 2019 and 2018, the outstanding balance on the line of credit was $1,965,000 and $1,788,000, respectively.

NOTE 11: LEASE COMMITMENTS

The Organization leases office space in Wilmington, Delaware under a noncancelable operāting 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, 2019 and 2018 was $87,656 and $70,563, respectively. The following is a schedule by year of future minimum payments for the noncancelable operating leases described above:

Year Ending December 31	Amount
2020	$ 85,230
2021	23,080
2022	14,525
	$ 122,835

NOTE 12: REVENUE AND CONTRACT BALANCES

Revenue from contracts is derived from program fees, which are recognized over time as services are provided, and event fees, which are recognized at a point in time coincident with an event.

The Organization's contracts associated with program fees and event fees are short-term in nature, with terms less than one year.

Opening and closing balances for revenue from program fees and event fees are as follows for 2019 and 2018:

	Accounts Receivable		Contract Assets		Contract Liabilities	
	2019	2018	2019	2018	2019	2018
Beginning of Year	$ 48,910	$ 127,435	$ -	$ -	$ -	$ 10,000
End of Year	46,148	48,910	-	-	30,000	-

NOTE 13: 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 $0 and $12,762 for the years ended December 31, 2019 and 2018, respectively.

NOTE 14: SUBSEQUENT EVENT

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments, and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. As the COVID-19 pandemic is complex and rapidly evolving, the Organization cannot reasonably estimate the duration and severity of this pandemic, which could have an adverse impact on the Organization's financial position, results of operations, and cash flows. Possible effects may include, disruption to the Organization's, grantors, contributors, and revenue, and a decline in value of assets held by the Organization, including its investments. Management currently believes that it has adequate liquidity and business plans to address these possible risks and continue to operate for the next 12 months from the date of this report.

NOTE 14: SUBSEQUENT EVENT - CONTINUED

In response to the uncertainty created by the COVID-19 pandemic, the federal government signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. A provision of the CARES Act allowed for loans to eligible small businesses, including nonprofit organizations, under its Paycheck Protection Program (PPP) administered by the U.S. Small Business Administration. PPP Loans have a maturity term of 2 years and incur interest at a rate of 1%. PPP Loans contain provisions to forgive all or a portion of the funds borrowed based on a calculation that considers the borrower's incurrence of eligible costs and maintaining employee and salary levels for a period of time after receipt of the loan funds. In May 2020, the Organization received a PPP Loan in the amount of $415,069.