EVERY MOTHER COUNTS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2015

HAN GROUP
Certified Public Accountants and Consultants

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Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Every Mother Counts

We have audited the accompanying financial statements of Every Mother Counts (the Organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 auditors consider 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Every Mother Counts as of December 31, 2015, 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.

HAN GROUP LLC

HAN GROUP LLC
McLean, Virginia
July 29, 2016

EVERY MOTHER COUNTS
Statement of Financial Position
December 31, 2015

Assets	
Cash	$ 697,746
Grants and contributions receivable, net	522,352
Investments	2,326,194
Prepaid expenses and deposits	47,240
Property and equipment, net	28,146
Other assets	8,550
Total assets	$ 3,630,228
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 14,908
Accrued salaries and vacation	25,930
Grants payable	456,225
Deferred rent	9,796
Total liabilities	506,859
Net Assets	
Unrestricted	2,060,195
Temporarily restricted	1,063,174
Total net assets	3,123,369
Total liabilities and net assets	$ 3,630,228

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Activities
Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and contributions	$ 2,959,592	$ 1,194,608	$ 4,154,200
Donated goods and services	109,468	-	109,468
Royalties	16,310	-	16,310
Investment income	9,273	-	9,273
Other revenue	55,438	-	55,438
Net assets released from restrictions:			
Satisfaction of purpose restrictions	1,470,120	(1,470,120)	-
Expiration of time restrictions	698,801	(698,801)	-
Total revenue and support	5,319,002	(974,313)	4,344,689
Expenses			
Program services	3,317,075	-	3,317,075
Supporting services:			
Management and general	149,824	-	149,824
Fundraising	289,397	-	289,397
Total supporting services	439,221	-	439,221
Total expenses	3,756,296	-	3,756,296
Changes in Net Assets	1,562,706	(974,313)	588,393
Net Assets, beginning of year	497,489	2,037,487	2,534,976
Net Assets, end of year	$ 2,060,195	$ 1,063,174	$ 3,123,369

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Cash Flows
Year Ended December 31, 2015

Cash Flows from Operating Activities	
Changes in net assets	$ 588,393
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	29,662
Net realized and unrealized loss on investments	12,041
Changes in operating assets and liabilities:	
Decrease in grants and contributions receivable	618,754
Decrease in other receivables	73,682
Increase in prepaid expenses and deposits	(12,385)
Increase in other assets	(8,550)
Decrease in accounts payable and accrued expenses	(15,975)
Increase in accrued salaries and vacation	1,201
Increase in grants payable	456,225
Decrease in deferred rent	(7,173)
Net cash used in operating activities	1,735,875
Cash Flows from Investing Activities	
Proceeds from sale of investments	390,452
Purchase of investments	(2,429,561)
Purchase of property and equipment	(9,942)
Net cash used in investing activities	(2,049,051)
Net Decrease in Cash	(313,176)
Cash, beginning of year	1,010,922
Cash, end of year	$ 697,746

See accompanying notes.

1. Nature of Operations

Every Mother Counts (the Organization) is a non-profit organization dedicated to making pregnancy and childbirth safe for every mother. We inform, engage, and mobilize new audiences to take actions and raise funds that support maternal health programs around the world. The Organization funds its program and supporting services primarily through grants and contributions from corporations, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Consequently, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Grants and Contributions Receivable

Grants and contributions receivable represent amounts due from the Organization's various grantors and contributors. There was no allowance recorded at December 31, 2015 as the entire balances have been deemed by management to be fully collectible within one year. If an amount becomes uncollectible, it is expensed when that determination is made.

Investments

Investments are measured at fair value and are composed of money market funds, corporate fixed income, municipal bonds and government securities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Unrealized gains or losses on investments are determined by the change in fair value at the beginning and end of the reporting period. Net realized and unrealized gains or losses on investments are included in investment income in the accompanying statement of activities. Money market funds held in the investment portfolios are included in investments in the accompanying statement of financial position.

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment over $1,000 with a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Direct costs incurred during the application stage of the development of the Organization's website are capitalized and amortized over an estimated useful life of three years. Expenditures for minor and routine repairs and maintenance are expensed as incurred. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expense.

Grants Payable

The Organization makes grants under its program services. The Organization records a liability for grants when the commitments have been made. At December 31, 2015, entire balance of grants payable are payable within one year.

Classification of Net Assets

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Organization or the passage of time. At December 31, 2015, the entire $1,063,174 balance of temporarily restricted net assets was restricted for the grants-program.

Revenue Recognition

Unconditional grants and contributions are recognized as revenue when received or promised and are reported as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor 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. Revenue from all other sources is recognized when earned.

Donated Goods and Services

Donated goods and services represent the value of donated fundraising event materials and supplies, and accounting services. Donations are recorded based on their fair value at the date of donation and are included in program services, general and administrative, and fundraising expenses in the accompanying statement of activities.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

3. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash deposits and investments. The Organization maintains cash deposits and investments with various financial institutions that exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and the Securities Investor Protection Corporation (SIPC). The Organization has not experienced any losses on its cash deposits and investments to date as it relates to FDIC or SIPC insurance limits. Management periodically assesses the financial condition of the institutions and believes that the risk of any loss is minimal.

In addition, the Organization invests funds in a professionally managed portfolio of marketable securities. Such investments are exposed to market and credit risks. Therefore, the Organization's investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

4. Investments

Investments consist of the following at December 31, 2015:

Money market funds	$ 449,208
Corporate fixed income	1,389,678
Government securities	254,029
Municipal bonds	233,279
Total investments	$ 2,326,194

4. Investments (continued)

Investment income consists of the following for the year ended December 31, 2015:

Interest and dividends	$ 21,314
Realized gain	909
Unrealized loss	(12,950)
Total investment income	$ 9,273

5. Fair Value Measurements

The three levels of the fair value hierarchy for recurring fair value measurements are prioritized based on the inputs to valuation techniques used to measure fair value and are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2: Inputs to the valuation methodology include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets; (3) inputs other than quoted prices that are observable for the asset or liability; and (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following is a summary of input levels used to determine fair values, measured on a recurring basis, of investments at December 31, 2015:

	Level 1	Total
Money market funds	$ 449,208	$ 449,208
Corporate fixed income	1,389,678	1,389,678
Government securities	254,029	254,029
Municipal bonds	233,279	233,279
Total investments	$ 2,326,194	$ 2,326,194

6. Property and Equipment

The Organization carried the following property and equipment at December 31, 2015:

Website	$ 86,301
Furniture and equipment	28,764
Software	2,340
Total property and equipment	117,405
Less: accumulated depreciation	(89,259)
Property and equipment, net	$ 28,146

7. Operating Leases

In November 2013, the Organization entered into a non-cancellable lease agreement for office space for a term from December 2013 through November 2016. The lease calls for abatement of one-half of the monthly base rent for four months after the first month of the lease. Rent expense was $125,026 for the year ended December 31, 2015. At December 31, 2015, future minimum lease payments for these leases are $120,626 for the year ending December 31, 2016 and in aggregate.

8. Donated Goods and Services

The Organization records all donated goods and services at fair value at the date of donation. The Organization received $104,668 of donated fundraising event promotional materials and supplies and $4,800 of donated accounting services during the year ended December 31, 2015.

9. Related Party Transactions

The Organization received a corporate grant from entities whose officers are board members with the Organization. The amount of such grant was $100,000 for the year ended December 31, 2015.

10. Retirement Plan

The Organization established a 401(k) plan effective January 1, 2013. The plan is available to all employees who meet certain age and length of service requirements. Subject to certain limitations, participants may elect to make pre-tax contributions up to the maximum permitted by law. In addition, the Organization makes contributions 100% on the first 3% of each employee's eligible earnings that the employee defers as an elective deferral and an additional 50% on the next 2% of each employee's eligible earnings that the employee defers as an elective deferral. The Organization contributed $20,832 to the plan for the year ended December 31, 2015.

11. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code, the Organization is a nonprofit organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required for the year ended December 31, 2015, as the Organization had no taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740-10, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2015, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. At December 31, 2015, the statute of limitations for tax years ended December 31, 2012 through 2014 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

12. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 29, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.