EVERY MOTHER COUNTS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2018

CHAN GROUP
Certified Public Accountants and Consultants

Contents

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, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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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, 2018, 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.

Emphasis of Matter

As discussed in Note 2, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update No. 2016-14, *Not-for-Profit Entities* (Topic 958)*: Presentation of Financial Statements of Not-for-Profit Entities.* Our opinion is not modified with respect to that matter.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
October 16, 2019

EVERY MOTHER COUNTS
Statement of Financial Position
December 31, 2018

Assets		
Cash	$	887,010
Grants and contributions receivable, net		967,527
Investments		2,528,548
Prepaid expenses and deposits		57,290
Property and equipment, net		64,808
Total assets	$	4,505,183
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	$	82,907
Accrued salaries and vacation		32,423
Grants payable		102,000
Other liabilities		8,544
Total liabilities		225,874
Net Assets		
Without donor restrictions		3,694,689
With donor restrictions		584,620
Total net assets		4,279,309
Total liabilities and net assets	$	4,505,183

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants and contributions	$ 2,925,402	$ 252,911	$ 3,178,313
Special events	326,231	-	326,231
Other revenue	19,852	-	19,852
Net investment income	5,249	-	5,249
Net assets released from restrictions:			
Satisfaction of purpose restrictions	874,064	(874,064)	-
Total revenue and support	4,150,798	(621,153)	3,529,645
Expenses			
Program services:			
Grants	1,255,010	-	1,255,010
Other programs	1,791,717	-	1,791,717
Total program services	3,046,727	-	3,046,727
Supporting services:			
Management and general	343,148	-	343,148
Fundraising	353,333	-	353,333
Total supporting services	696,481	-	696,481
Total expenses	3,743,208	-	3,743,208
Changes in Net Assets	407,590	(621,153)	(213,563)
Net Assets, beginning of year	3,287,099	1,205,773	4,492,872
Net Assets, end of year	$ 3,694,689	$ 584,620	$ 4,279,309

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Functional Expenses
Year Ended December 31, 2018

	Program Services			Supporting Services			
	Grants	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, payroll taxes and benefits	$ 182,658	$ 995,415	$ 1,178,073	$ 188,382	$ 231,615	$ 419,997	$ 1,598,070
Grants, sponsorships and subcontracts	917,159	-	917,159	-	-	-	917,159
Conferences, meetings and events	80,130	411,921	492,051	24,325	60,265	84,590	576,641
Occupancy and operations	52,398	258,402	310,800	16,737	57,091	73,828	384,628
Professional services	20,578	111,448	132,026	105,160	859	106,019	238,045
Depreciation	2,087	14,531	16,618	8,544	3,503	12,047	28,665
Total Expenses	$ 1,255,010	$ 1,791,717	$ 3,046,727	$ 343,148	$ 353,333	$ 696,481	$ 3,743,208

See accompanying notes.

Cash Flows from Operating Activities	
Changes in net assets	(213,563)
Adjustments to reconcile changes in net assets to net cash used in operating activities:	
Depreciation	28,665
Net realized and unrealized loss on investments	53,668
Change in allowance for doubtful accounts and discount to present value	(31,626)
Changes in operating assets and liabilities:	
Grants and contributions receivable	233,202
Prepaid expenses and deposits	(5,075)
Other assets	941
Accounts payable and accrued expenses	16,204
Accrued salaries and vacation	10,052
Grants payable	(103,000)
Other liabilities	(6,651)
Net cash used in operating activities	(17,183)
Cash Flows from Investing Activities	
Proceeds from sale of investments	2,044,507
Purchase of investments	(1,421,093)
Purchase of property and equipment	(58,448)
Net cash provided in investing activities	564,966
Net Increase in Cash	547,783
Cash, beginning of year	339,227
Cash, end of year	$ 887,010

1. Nature of Operations

Every Mother Counts (the Organization) is a non-profit organization dedicated to making pregnancy and childbirth safe for every mother. The Organization informs, engages, and mobilizes 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 are stated at net realizable value. The Organization uses the allowance method to record potentially uncollectible receivables. Management determines the allowance for doubtful accounts based on historic bad debt percentages. Grants and contributions receivable are individually analyzed for collectability and written off when all collection efforts are exhausted.

Investments

Investments are measured at fair value and are composed of money market funds, corporate fixed income, government securities, municipal bonds and stocks. 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. Investment income is presented net of investment advisory and management fees 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, 2018, the entire balance of grants payable was payable within one year.

Classification of Net Assets

- *Net Assets Without Donor Restrictions* represent funds that are not subject to donor-imposed stipulations and are available for support of the Organization's operations.

- *Net Assets With Donor Restrictions* represent funds subject to donor-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 are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity. The Organization does not have any donor-imposed restrictions which are perpetual in nature at December 31, 2018.

Revenue Recognition

Unconditional grants, contributions and sponsorships are recognized as revenue when received or promised and are reported as support with donor restrictions 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Revenue and support with donor restrictions are reported as revenue and support without donor restrictions if the restrictions are met in the same period received. Revenues from all other sources are recognized when earned.

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses present expenses by function and natural classification. The Organization incurs expense that directly relate to, and can be assigned to, a specific program or supporting activity. The Organization also conducts a number of activities which benefit both its program objectives as well as supporting services. These costs, which are not specifically attributable to a specific program or supporting activity, are allocated by management on a consistent basis among program and supporting services benefited based on either financial or nonfinancial data, such as labor distribution or estimates of time and effort incurred by personnel. The expenses that are allocated include salaries and related expenses, occupancy, and office expenses.

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.

Change in Accounting Principles

Effective January 1, 2018, the Organization adopted Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled “net assets without donor restrictions” and “net assets with donor restrictions”, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. ASU 2016-14 is effective for financial statements issued for fiscal years beginning after December 15, 2017.

2. Summary of Significant Accounting Policies (continued)

Change in Accounting Principles (continued)

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the period presented. The Organization's net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, the Organization's net assets previously reported as unrestricted are now reported as net assets without donor restrictions. The Organization did not have any permanently restricted net assets.

Pending Accounting Pronouncements

In May 2014, the Financial Accounting Standard Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The core principle of ASU 2014-09 requires the recognition of revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration for what an organization expects it will receive in association with this exchange. ASU 2014-09 is effective for fiscal years beginning after December 15, 2018.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for non-public entities for fiscal years beginning after December 15, 2019.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact of these ASUs on the Institute's financial statements.

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.

3. Concentrations of Credit Risk (continued)

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. Grants and Contributions Receivable

Grants and contributions receivable is comprised of unconditional promises to give and is receivable as follows at December 31, 2018:

Receivable in less than one year	$ 736,242
Receivable in one to five years	240,000
Total grants and contributions receivable	976,242
Less: present value discount	(8,715)
Grants and contributions receivable, net	$ 967,527

At December 31, 2018, grants and contribution receivable are shown at the present value of estimated future cash flows using a discount rate of 2.42%, which is based on available data for risk-free interest rates for the year in which outstanding pledges were received. There was no allowance for doubtful accounts as the balance of grants and contributions receivable at December 31, 2018 are expected by management to be fully collected.

5. Investments

Investments consist of the following at December 31, 2018:

Money market funds	$ 303,230
Corporate fixed income	1,398,877
Government securities	536,054
Municipal bonds	280,715
Stocks	9,672
Total investments	$ 2,528,548

5. Investments (continued)

Investment income consists of the following for the year ended December 31, 2018:

Interest and dividends	$ 71,791
Realized gain	3,722
Unrealized loss	(57,390)
Total investment income	18,123
Less: investment fees	(12,874)
Total investment income, net	$ 5,249

6. Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurement*, defines fair value, establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The ASC emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. In order to increase consistency and comparability in fair value measurements, the ASC established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. The three levels of the fair value hierarchy are described as follows:

- *Level 1* – Based on unadjusted, quoted market prices in active markets for identical assets or liabilities accessible at the measurement date.
- *Level 2* – Based on inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.
- *Level 3* – Based on unobservable inputs for the asset or liability, including the reporting entity's own assumptions in determining fair value.

6. Fair Value Measurements (continued)

The following is a summary of input levels used to determine fair values, measured on a recurring basis, of investments at December 31, 2018:

	Level 1	Total
Money market funds	$ 303,230	$ 303,230
Corporate fixed income	1,398,877	1,398,877
Government securities	536,054	536,054
Municipal bonds	280,715	280,715
Stocks	9,672	9,672
Total investments	$ 2,528,548	$ 2,528,548

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. In September 2016, the Organization extended the lease for an additional three years through November 2019. Rent expense was $134,719 for the year ended December 31, 2018. At December 31, 2018, future minimum lease payments for the non-cancellable operating lease are as follow:

Year ending December 31:	
2019	$ 131,800
Total future minimum lease payments	$ 131,800

8. Property and Equipment

The Organization carried the following property and equipment at December 31, 2018:

Website	$ 54,168
Furniture and equipment	55,394
Leasehold improvements	20,380
Total property and equipment	129,942
Less: accumulated depreciation	(65,134)
Property and equipment, net	$ 64,808

9. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2018:

Subject to expenditures for specific purposes:		
Bangladesh	$	353,335
Subject to passage of time		231,285
Total net assets with donor restrictions	$	584,620

During the year ended December 31, 2018, releases from net assets with donor restrictions were for the following:

Subject to expenditures for specific purposes:		
Bangladesh	$	353,335
Grants program		538,482
Total net assets released from donor restrictions	$	874,064

10. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2018 available for use in the next year, reduced by amounts not available for general use because of donor-imposed restrictions within one year of this date:

Cash	$	887,010
Grants and contributions receivable in less than one year		736,242
Investments		2,528,548
Total financial assets		4,151,800
Less those unavailable for general expenditures within one year due to:		
Donor-imposed restrictions		(403,335)
Financial assets available to meet cash needs for general expenditures within one year	$	3,748,465

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

11. Related Party Transactions

The Organization received a corporate grant from an entity whose officer is board member with the Organization. The amount of such grant was $360,000 for the year ended December 31, 2018.

12. Retirement Plan

The Organization maintains a 401(k) plan for eligible employees. 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 $23,318 to the plan for the year ended December 31, 2018.

13. 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, 2018, as the Organization had no material taxable net unrelated business income.

The Organization follows the authoritative guidance relating to accounting for uncertainty in income taxes included in 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, 2018, 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, 2018, the statute of limitations for tax years ended December 31, 2015 through 2017 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.

14. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 16, 2019, the date the financial statements were available to be issued. Except as disclosed in the next paragraph, there were no other subsequent events identified that require recognition of, or disclosure in, these financial statements.

14. Subsequent Events (continued)

Subsequent to the year ended December 31, 2018, the Organization entered into a new office lease. The lease commenced in September 2019 and expires in August 2024. Total minimum lease payments on the lease are $836,189.