EVERY MOTHER COUNTS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

December 31, 2019

CHAN GROUP
Certified Public Accountants and Consultants

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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, 2019, 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.

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, 2019, 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 to the financial statements, the Organization has adopted new accounting guidance, Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

HAN GROUP LLC

HAN GROUP LLC
Washington, DC
July 13, 2020

EVERY MOTHER COUNTS
Statement of Financial Position
December 31, 2019

Assets	
Cash	$ 2,116,787
Contributions receivable, net	463,949
Investments	2,647,613
Prepaid expenses and deposits	212,781
Property and equipment, net	46,723
Total assets	$ 5,487,853
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	$ 55,060
Accrued salaries and vacation	53,140
Grants payable	201,000
Deferred revenue	78,000
Deferred rent	15,496
Total liabilities	402,696
Net Assets	
Without donor restrictions	4,867,035
With donor restrictions	218,122
Total net assets	5,085,157
Total liabilities and net assets	$ 5,487,853

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions	$ 3,572,630	$ 106,837	$ 3,679,467
Special events:			
Contributions	539,805	-	539,805
Direct benefit to the donors	196,812	-	196,812
Direct costs of special events	(248,791)	-	(248,791)
Net special events income	487,826	-	487,826
Other revenue	164,929	-	164,929
Net investment income	98,576	-	98,576
Net assets released from restrictions:			
Satisfaction of purpose restrictions	353,335	(353,335)	-
Expiration of time restrictions	120,000	(120,000)	-
Total revenue and support	4,797,296	(366,498)	4,430,798
Expenses			
Program services:			
Grants	1,164,059	-	1,164,059
Other programs	1,615,896	-	1,615,896
Total program services	2,779,955	-	2,779,955
Supporting services:			
Management and general	587,993	-	587,993
Fundraising	257,002	-	257,002
Total supporting services	844,995	-	844,995
Total expenses	3,624,950	-	3,624,950
Changes in Net Assets	1,172,346	(366,498)	805,848
Net Assets, beginning of year	3,694,689	584,620	4,279,309
Net Assets, end of year	$ 4,867,035	$ 218,122	$ 5,085,157

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services			Supporting Services			
	Grants	Other Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Salaries, payroll taxes and benefits	$ 125,644	$ 663,123	$ 788,767	$ 289,746	$ 176,786	$ 466,532	$ 1,255,299
Grants, sponsorships and subcontracts	996,100	60,500	1,056,600	-	-	-	1,056,600
Professional services	3,963	367,600	371,563	105,100	26,554	131,654	503,217
Occupancy and operations	19,747	192,327	212,074	143,886	50,132	194,018	406,092
Conferences, meetings and events	16,073	316,528	332,601	36,775	1,365	38,140	370,741
Depreciation	2,532	15,818	18,350	12,486	2,165	14,651	33,001
Total Expenses	$ 1,164,059	$ 1,615,896	$ 2,779,955	$ 587,993	$ 257,002	$ 844,995	$ 3,624,950

See accompanying notes.

EVERY MOTHER COUNTS
Statement of Cash Flows
Year Ended December 31, 2019

Cash Flows from Operating Activities	
Changes in net assets	$ 805,848
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation	33,001
Loss from disposal of property and equipment	2,972
Net realized and unrealized gain on investments	(42,397)
Donated securities	(17,425)
Change in allowance for doubtful accounts and discount to present value	(6,837)
Changes in operating assets and liabilities:	
Contributions receivable	510,415
Prepaid expenses and deposits	(155,491)
Other assets	-
Accounts payable and accrued expenses	(27,847)
Accrued salaries and vacation	20,717
Grants payable	99,000
Deferred revenue	78,000
Deferred rent	6,952
Net cash provided by operating activities	1,306,908
Cash Flows from Investing Activities	
Proceeds from sale of investments	28,543
Purchase of investments	(87,786)
Purchase of property and equipment	(17,888)
Net cash used in investing activities	(77,131)
Net Increase in Cash	1,229,777
Cash, beginning of year	887,010
Cash, end of year	$ 2,116,787

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. 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 contributions from corporations, foundations and individuals.

2. Summary of Significant Accounting Policies

Basis of Accounting

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.

Contributions Receivable

Contributions receivable are stated at net realizable value. The Organization uses the allowance method to record potentially uncollectible receivables. 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.

Grants Payable

Grants are reported as an expense and liability when approved by the Organization unless conditions imposed on the grantee have not yet been fulfilled. Such conditional grants are recorded when the conditions have been satisfied. There are no conditional grants for the year ended December 31, 2019. Unconditional grants that the Organization anticipates will be paid over more than one year are recorded at the estimated present value of future cash flows as the date the grant is made. All grants are anticipated to be paid within one year.

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.

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, 2019.

Revenue Recognition

Contributions

Contributions without donor-imposed conditions are recognized upon notification of the award and are reported as support with donor restrictions if they are received with donor stipulations that limit the use of donated assets. Contributions with donor-imposed restrictions are reclassified to net assets without donor restrictions when those restrictions are met, only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and for the expiration of donor-imposed time restrictions. These reclassifications are reported in the accompanying 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.

Contributions with donor-imposed conditions, that is they include both a measurable performance or other barrier and a right of return, are recognized in revenue once the conditions on which they depend have been met. Amounts received in advance of the conditions being met are recorded as deferred revenue. The Organization did not have any conditional contributions at December 31, 2019.

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Special Event Income

Special event income represents the gross proceeds paid by attendees and participants for various events and activities held by the Organization. A portion of the gross proceeds paid by attendees and participants represents contribution revenue whereas the other portion serves as the payment of the fair market value of the benefit received by the attendee or participant at the event. The contribution portion is recognized as contribution revenue as described previously. The exchange portion, the fair market value of the benefit received by the attendee or participant, is recognized as revenue at the point in time the events and activities are conducted. Any exchange portion of the amounts received in advance are deferred until the point in time at which the event takes place. Amounts received in advance for future events and activities were $78,000 at December 31, 2019 and are included in deferred revenue in the accompanying statement of financial position.

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 presents expenses by function and natural classification. The Organization incurs expenses 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, payroll taxes and benefits, conferences, meetings and events, occupancy and operations, professional services, and depreciation.

Changes in Accounting Principles

Effective January 1, 2019, the Organization adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which requires that an entity evaluate whether transactions should be accounted for as contributions or as exchange transactions and determining whether a contribution is conditional. The Organization adopted ASU 2018-08 using a modified prospective approach. The implementation of ASU 2018-08 did not have a material effect on the Organization’s financial positions, results of operations, or cash flows. There was no cumulative effect of a change in accounting principle recorded related to the adoption of ASU 2018-08 on January 1, 2019. The presentation and disclosures of revenue have been enhanced in accordance with the standards.

2. Summary of Significant Accounting Policies (continued)

Changes in Accounting Principles (continued)

Effective January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended. The core principle of ASU 2014-09 requires the recognition of revenue for exchange and partial exchange transactions when, or as goods or services are delivered, in the amount that reflects the consideration to which the entity is entitled in exchange for what has been delivered. The ASU requires that the Organization use the following five step process: 1) Identify exchange agreements or partial exchange agreements that create a contract; 2) Identify their performance obligations; 3) Determine the transaction price; 4) Allocate the transaction price among the performance obligations; 5) Recognize revenue at the point in time when, or over the time period during which, a performance obligation is recognized. The adoption of the ASU did not impact the change in net assets.

Pending Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (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, 2020. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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. Liquidity and Availability of Resources

The following schedule reflects the Organization's financial assets as of December 31, 2019 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	$ 2,116,787
Contributions receivable	345,827
Investments	2,647,613
Total financial assets	5,110,227
Less those unavailable for general expenditures within one year due to:	
Grants payable	(201,000)
Deferred revenue	(78,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 4,831,227

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.

5. Contributions Receivable

Contributions receivable is comprised of unconditional promises to give and is receivable as follows at December 31, 2019:

Receivable in less than one year	$ 345,827
Receivable in one to five years	120,000
Total contributions receivable	465,827
Less: present value discount	(1,878)
Contributions receivable, net	$ 463,949

At December 31, 2019, contributions receivable is shown at the present value of estimated future cash flows using a discount rate of 1.59%, 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 contributions receivable at December 31, 2019 are expected by management to be fully collected.

6. Investments

Investments consist of the following at December 31, 2019:

Money market funds	$ 318,345
Corporate fixed income	1,037,793
Government securities	795,316
Municipal bonds	485,679
Stocks	10,480
Total investments	$ 2,647,613

7. Fair Value Measurements

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.

7. 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, 2019:

	Level 1	Total
Money market funds	$ 318,345	$ 318,345
Corporate fixed income	1,037,793	1,037,793
Government securities	795,316	795,316
Municipal bonds	485,679	485,679
Stocks	10,480	10,480
Total investments	$ 2,647,613	$ 2,647,613

8. Property and Equipment

The Organization carried the following property and equipment at December 31, 2019:

Website	$ 54,168
Furniture and equipment	52,616
Leasehold improvements	4,320
Leased assets	4,321
Total property and equipment	115,425
Less: accumulated depreciation	(68,702)
Property and equipment, net	$ 46,723

9. 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.

In July 2019, the Organization entered into a lease agreement for office space commencing on September 1, 2019. The lease term is for five years and calls for monthly rental payments of $13,125 with a 3% escalation clause. The lease provides rent payment abatement for the first month of the lease. Under GAAP all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. The difference between GAAP rent expense and the actual lease payments is reflected as deferred rent in the accompanying statement of financial position. In conjunction with the new lease, the Organization incurred a variety of one-time move-related costs between August and December 2019. The Organization also paid rent on two properties during the months of September, October and November 2019.

9. Operating Leases (continued)

Rent expense was $175,497 for the year ended December 31, 2019 and is included in occupancy in the accompanying statement of functional expenses.

At December 31, 2019, future minimum lease payments for the operating leases are as follow:

2020	$	159,075
2021		163,847
2022		168,763
2023		173,826
2024		118,178
Total future minimum lease payments	$	783,689

10. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following at December 31, 2019:

Subject to passage of time	$	218,122
Total net assets with donor restrictions	$	218,122

During the year ended December 31, 2019, releases from net assets with donor restrictions were for the following:

Subject to expenditures for specific purposes:		
Bangladesh	$	353,335
Subject to passage of time		120,000
Total net assets released from donor restrictions	$	473,335

11. 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 of 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 $26,339 to the plan for the year ended December 31, 2019.

12. 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, 2019, 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. It is the Organization's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expenses.

The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2019 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. The statute of limitations generally remains open for three tax years with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Organization files tax returns.

13. Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 13, 2020, 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.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses including cancellations of events and meetings during 2020. The Organization has closed its office but continues to operate and fulfill its mission remotely. In person events have been postponed, and the Organization is following guidance from the New York City Mayor, New York State Governor and the Centers for Disease Control and Prevention in rescheduling future in person events. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of restrictions put in place by various levels of government. At this time, the potential related financial impact and duration cannot be reasonably estimated.

In May 2020, the Organization was awarded a Paycheck Protection Program (PPP) forgivable loan of $209,151. The PPP loan has an interest rate of 1% and a term of 60 months, with a deferment of 10 months. All or a portion of the PPP loan has the potential to be forgiven under the provisions of the CARES Act.