

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017**

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The White Ribbon Alliance for Safe Motherhood
Washington, D.C.

We have audited the accompanying financial statements of The White Ribbon Alliance for Safe Motherhood (WRA), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and changes in net assets (deficit), 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audits 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 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.

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 WRA as of December 31, 2018 and 2017, and the changes in its net assets (deficit) and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2019 on our consideration of WRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of WRA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WRA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

May 21, 2019

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,842,268	\$ 198,586
Grants and contributions receivable	2,010,184	1,764,482
Sub-grantee advances	180,517	87,714
Prepaid expenses	34,278	31,201
Other receivables	<u>2,378</u>	<u>2,865</u>
Total current assets	<u>4,069,625</u>	<u>2,084,848</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion and present value discount	1,120,804	-
Security deposit	<u>14,694</u>	<u>14,694</u>
Total noncurrent assets	<u>1,135,498</u>	<u>14,694</u>
TOTAL ASSETS	<u>\$ 5,205,123</u>	<u>\$ 2,099,542</u>

LIABILITIES AND NET ASSETS (DEFICIT)

CURRENT LIABILITIES		
Line of credit	\$ -	\$ 450,000
Accounts payable and accrued liabilities	34,315	68,852
Sub-grants payable	3,002	2,140
Accrued employee benefits	90,360	83,375
Deferred rent	<u>8,548</u>	<u>1,702</u>
Total current liabilities	<u>136,225</u>	<u>606,069</u>
NONCURRENT LIABILITIES		
Deferred rent, net of current portion	<u>20,583</u>	<u>29,131</u>
Total liabilities	<u>156,808</u>	<u>635,200</u>
NET ASSETS (DEFICIT)		
Net assets (deficit) without donor restrictions	(335,527)	(351,804)
Net assets with donor restrictions	<u>5,383,842</u>	<u>1,816,146</u>
Total net assets (deficit)	<u>5,048,315</u>	<u>1,464,342</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 5,205,123</u>	<u>\$ 2,099,542</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
U.S. Government grants	\$ 887,678	\$ -	\$ 887,678
Foundation and other grants	-	6,542,330	6,542,330
Contributions	114,300	-	114,300
In-kind contributions	44,641	-	44,641
Interest income	626	-	626
Exchange rate loss	(1,673)	-	(1,673)
Net assets released from donor restrictions - satisfaction of program restrictions	<u>2,974,634</u>	<u>(2,974,634)</u>	<u>-</u>
Total support and revenue	<u>4,020,206</u>	<u>3,567,696</u>	<u>7,587,902</u>
EXPENSES			
Maternal Health	3,342,181	-	3,342,181
Management and General	554,712	-	554,712
Fundraising	<u>107,036</u>	<u>-</u>	<u>107,036</u>
Total expenses	<u>4,003,929</u>	<u>-</u>	<u>4,003,929</u>
Changes in net assets (deficit)	16,277	3,567,696	3,583,973
Net assets (deficit) at beginning of year	<u>(351,804)</u>	<u>1,816,146</u>	<u>1,464,342</u>
NET ASSETS (DEFICIT) AT END OF YEAR	<u>\$ (335,527)</u>	<u>\$ 5,383,842</u>	<u>\$ 5,048,315</u>

2017		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 624,718	\$ -	\$ 624,718
5,161	759,006	764,167
157,344	-	157,344
68,717	-	68,717
409	-	409
(1,218)	-	(1,218)
<u>3,187,513</u>	<u>(3,187,513)</u>	<u>-</u>
<u>4,042,644</u>	<u>(2,428,507)</u>	<u>1,614,137</u>
3,323,552	-	3,323,552
568,638	-	568,638
<u>104,948</u>	<u>-</u>	<u>104,948</u>
<u>3,997,138</u>	<u>-</u>	<u>3,997,138</u>
45,506	(2,428,507)	(2,383,001)
<u>(397,310)</u>	<u>4,244,653</u>	<u>3,847,343</u>
<u>\$ (351,804)</u>	<u>\$ 1,816,146</u>	<u>\$ 1,464,342</u>

See accompanying notes to financial statements.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Maternal Health</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 843,293	\$ 247,552	\$ 56,006	\$ 1,146,851
Benefits and payroll taxes	430,771	118,583	27,111	576,465
Printing and production	16,187	4,124	-	20,311
Professional fees	61,864	37,376	1,620	100,860
Occupancy	128,491	41,892	-	170,383
Accounting and audit	16,528	3,190	2,800	22,518
Insurance	-	13,163	-	13,163
Telephone	23,146	5,253	-	28,399
Travel and related expenses	277,691	3,219	1,248	282,158
Consulting fees	344,834	15,441	3,226	363,501
Postage and delivery	1,097	135	374	1,606
Supplies	2,326	7,152	123	9,601
Subscriptions	21,500	3,944	10,120	35,564
Meetings	40,415	1,942	171	42,528
Advertising	1,501	90	-	1,591
Bank fees	1,304	3,052	4,237	8,593
Equipment rental and maintenance	-	2,654	-	2,654
Sub-grants	1,127,403	-	-	1,127,403
Other expenses	1,430	3,709	-	5,139
In-kind professional fees	<u>2,400</u>	<u>42,241</u>	<u>-</u>	<u>44,641</u>
TOTAL	<u>\$ 3,342,181</u>	<u>\$ 554,712</u>	<u>\$ 107,036</u>	<u>\$ 4,003,929</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Maternal Health</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 769,470	\$ 211,941	\$ 54,165	\$ 1,035,576
Benefits and payroll taxes	350,585	86,147	24,504	461,236
Printing and production	6,909	3,638	104	10,651
Professional fees	60,418	23,456	707	84,581
Occupancy	58,633	101,175	5,999	165,807
Accounting and audit	9,810	13,074	469	23,353
Insurance	-	15,847	-	15,847
Telephone	11,260	18,196	404	29,860
Travel and related expenses	261,855	7,958	7,386	277,199
Consulting fees	296,789	1,884	2,723	301,396
Postage and delivery	425	287	168	880
Supplies	4,292	7,222	206	11,720
Subscriptions	12,809	1,383	6,387	20,579
Meetings	19,536	1,438	164	21,138
Advertising	2,787	747	42	3,576
Bank fees	169	4,421	1,107	5,697
Equipment rental and maintenance	7,673	3,500	326	11,499
Sub-grants	1,444,947	-	-	1,444,947
Other expenses	435	2,357	87	2,879
In-kind professional fees	<u>4,750</u>	<u>63,967</u>	<u>-</u>	<u>68,717</u>
TOTAL	<u>\$ 3,323,552</u>	<u>\$ 568,638</u>	<u>\$ 104,948</u>	<u>\$ 3,997,138</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets (deficit)	\$ 3,583,973	\$ (2,383,001)
Adjustments to reconcile changes in net assets (deficit) to net cash provided (used) by operating activities:		
Change in present value discount on noncurrent grants and contributions receivable	36,426	(45,006)
(Increase) decrease in:		
Grants and contributions receivable	(1,402,932)	1,843,777
Sub-grantee advances	(92,803)	36,345
Prepaid expenses	(3,077)	4,758
Other receivables	487	12,086
Travel advances	-	2,875
(Decrease) increase in:		
Accounts payable and accrued liabilities	(34,537)	20,115
Sub-grants payable	862	(4,860)
Accrued employee benefits	6,985	(25,819)
Deferred rent	<u>(1,702)</u>	<u>4,882</u>
Net cash provided (used) by operating activities	<u>2,093,682</u>	<u>(533,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash draws from line of credit	200,000	450,000
Repayments on line of credit	<u>(650,000)</u>	<u>-</u>
Net cash (used) provided by financing activities	<u>(450,000)</u>	<u>450,000</u>
Net increase (decrease) in cash and cash equivalents	1,643,682	(83,848)
Cash and cash equivalents at beginning of year	<u>198,586</u>	<u>282,434</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,842,268</u>	<u>\$ 198,586</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ 3,665</u>	<u>\$ -</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The White Ribbon Alliance for Safe Motherhood (WRA) is a locally led, globally connected grassroots movement advocating for the health and rights of women and newborns. WRA actively works in partnership with women, men, their families and communities, professionals and practitioners from diverse fields and all sectors of government. WRA uses many approaches, all of which put citizens at the center.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14 *Presentation of Financial Statements for Not-for-Profit Entities*. The ASU was adopted for the year ended December 31, 2018 and applied retrospectively.

Cash and cash equivalents -

WRA considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the year, WRA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Foreign currency reporting -

WRA maintains cash in U.S. Dollars (USD) and British Pounds (GBP). All non-USD revenues and expenses are reported in the accompanying Statements of Activities and Changes in Net Assets (Deficit) and have been translated to U.S. Dollars using the average annual exchange rate. All year-end assets and liabilities (held in foreign currency) have been revalued at the current spot rates; therefore, exchange rate variances have been reflected as an exchange rate loss in the accompanying Statements of Activities and Changes in Net Assets (Deficit).

Grants and contributions receivable -

Grants and contributions receivable are recorded at their net realizable value, which approximates fair value. Grants and contributions receivable that are expected to be collected in future years are recorded at fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue in the accompanying Statements of Activities and Changes in Net Assets (Deficit). Such grants and contributions receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Uncertain tax positions -

For the years ended December 31, 2018 and 2017, WRA has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Income taxes -

WRA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Beginning January 1, 2018, it is subject to unrelated business income taxes on qualified transportation fringe benefits provided to its employees. The amount of the tax for the year ended December 31, 2018 is immaterial. WRA is not a private foundation.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions are recorded as net assets without donor restrictions. Assets restricted solely through the actions of the Board are referred to as Board designated and are also reported as net assets without donor restrictions.
- **Net Assets With Donor Restrictions** - Contributions restricted by donors (or certain grantors) are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets (Deficit) as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Grants and contributions revenue -

Grants and subawards that are awarded to WRA from foundations, bilateral and international organizations, pass-through entities and other non-Federal organizations are generally accounted for as contributions. WRA's policy is to treat donor-restricted grant awards/obligations as revenue with donor restrictions in the year notification is received from the donor; such grants are recognized as revenue without donor restrictions (released from restrictions) only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions (or satisfaction of time restrictions). Grants received in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Awards to WRA from prime recipients of U.S. Government agencies and pass-through entities are recognized as revenue without donor restrictions when qualifying direct and indirect expenditures are incurred; any funds received in advance of incurring qualifying expenditures are recorded as refundable advances.

Sub-grantee advances, payables and expenses -

Sub-grantee advances consist of amounts provided to sub-grantees to execute project objectives. Project costs incurred by sub-grantees are recorded in the accompanying financial statements when reported to WRA; accordingly, advances are reduced and expenses are increased.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Sub-grantee advances, payables and expenses (continued) -

Amounts not reimbursed by WRA (to sub-grantees) as of fiscal year-end are recorded as sub-grants payable.

In-kind contributions -

In-kind contributions consist of professional fees, materials and supplies, and are reported at their estimated fair value based on the number of donated hours and estimated rates of services rendered, or fair value as of the date of gift. The value of in-kind contributions totaled \$44,641 and \$68,717 during the years ended December 31, 2018 and 2017, respectively.

In-kind contributions have been allocated to the following functional expense categories during the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Maternal Health	\$ 2,400	\$ 4,750
Management and General	<u>42,241</u>	<u>63,967</u>
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 44,641</u>	<u>\$ 68,717</u>

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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets (Deficit). Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of WRA are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated either based on approved budgets or on the basis of estimated time and effort.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to the adoption of ASU 2016-14, as discussed above, which requires two classifications of net assets from the previously presented three classes. Net assets previously classified as of December 31, 2017 as unrestricted net assets in the amount of \$(351,804) are now classified as net assets without donor restrictions. Net assets previously classified as temporarily restricted net assets in the amount of \$1,816,146, respectively, are now classified as net assets with donor restrictions.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Going concern -

During the year ended December 31, 2017, WRA applied FASB ASU 2014-15, *Presentation of Financial Statements - Going Concern* and evaluated whether there are conditions or events, considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year after the date the financial statements are issued. See Note 9 for the analysis of the principal conditions, management's evaluation, and future plans that are intended to alleviate the conditions that raise the substantial doubt.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. WRA has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. WRA has not yet decided on a transition method. The ASU is effective for fiscal years beginning after December 15, 2018.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

WRA plans to adopt the new ASUs at the respective required implementation dates.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

WRA receives grants and contributions from foundations and international organizations for multi-year program support.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

2. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

As of December 31, 2018 and 2017, WRA had uncollected commitments from such organizations aggregating \$3,167,414 and \$1,764,482, respectively.

The following is a schedule of expected payments to be received in future years, as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Less than one year	\$ 2,010,184	\$ 1,764,482
One to five years	<u>1,157,230</u>	<u>-</u>
Total	3,167,414	1,764,482
Less: Present value discount (3.25%)	<u>(36,426)</u>	<u>-</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 3,130,988</u>	<u>\$ 1,764,482</u>

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
The Bill and Melinda Gates Foundation - Reinvestment for Improved Delivery of MNH	\$ -	\$ 1,488,794
The Bill and Melinda Gates Foundation - IMHM Capacity and Use	79,367	-
The Bill and Melinda Gates Foundation - Reinvestment: Advocating for Improved Maternal and Newborn Health II	5,293,268	-
Bayer - Sustainable MHN Self Care	11,207	46,712
MacArthur Foundation - Core Support	-	134,886
MacArthur Foundation - Mexico Midwifery	<u>-</u>	<u>145,754</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,383,842</u>	<u>\$ 1,816,146</u>

The following net assets with donor restrictions were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

	<u>2018</u>	<u>2017</u>
World Health Organization - PMNCH Malawi	\$ -	\$ 11,000
The Bill and Melinda Gates Foundation - Reinvestment for Improved Delivery of MNH	1,488,794	2,348,734
The Bill and Melinda Gates Foundation - IMHM Capacity and Use	249,388	-
The Bill and Melinda Gates Foundation - Reinvestment: Advocating for Improved Maternal and Newborn Health II	770,307	-
Bayer - Sustainable MHN Self Care	185,505	645,894
MacArthur Foundation - Core Support	134,886	174,639
MacArthur Foundation - Mexico Midwifery	<u>145,754</u>	<u>7,246</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 2,974,634</u>	<u>\$ 3,187,513</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017**

4. AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY)

Financial assets available (deficit) for use within one year of the Statements of Financial Position were comprised of the following:

	2018	2017
Financial assets as of December 31:		
Cash and cash equivalents	\$ 1,842,268	\$ 198,586
Grants and contributions receivable, current portion	2,010,184	1,764,482
Subgrantee advances	180,517	87,714
Other receivables	2,378	2,865
Total financial assets - subtotal	4,035,347	4,035,347
Less: Outstanding line of credit	-	(450,000)
Total financial assets - total	4,035,347	3,585,347
Less: Financial assets unavailable for expenditure within one year due to:		
Donor imposed restrictions for purpose, current portion	(4,263,038)	(1,816,146)
FINANCIAL ASSETS AVAILABLE (DEFICIT) FOR EXPENDITURE WITHIN ONE YEAR	\$ (227,691)	\$ 1,769,201

WRA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2018 and 2017, WRA does not have financial assets available for expenditure to cover one month of operating expenses due to a continued net deficit (without donor restrictions).

WRA has a significant donor restricted net asset balance to fund programmatic activities in future periods. Additionally, WRA also maintains a line of credit with an available credit line of \$500,000 which can be drawn to help manage liquidity needs.

5. LEASE COMMITMENTS

On June 21, 2016, WRA signed a new 50-month sublease agreement for office space in Washington, D.C., effective July 1, 2016 and which runs through August 31, 2020. Base rental payments under the new agreement are \$14,694 per month, with 4% annual escalation. The first and second month of rental payments were abated, and the first month of the following three years of the agreement will also be abated.

Accounting principles generally accepted in the United States of America require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is recorded as a deferred rent liability.

During the years ended December 31, 2018 and 2017, the deferred rent liability aggregated \$29,131 and \$30,833, respectively.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. LEASE COMMITMENTS (Continued)

The following is a schedule of the future minimum lease payments:

Year Ended December 31,

2019	\$ 178,002
2020	<u>133,552</u>
	<u>\$ 311,554</u>

Rent expense during the years ended December 31, 2018 and 2017 totaled \$169,455 and \$163,574, respectively, and are included in Occupancy in the accompanying Statements of Functional Expenses.

6. U.S. GOVERNMENT FUNDING

WRA is the recipient of Federal awards through entities funded by the U.S. Government. During the years ended December 31, 2018 and 2017, WRA was required to evaluate compliance with the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. WRA's expenditures of federal awards during the year ended December 31, 2018 exceeded the \$750,000 threshold (as stipulated in Uniform Guidance), and thus, WRA was required to be audited pursuant to those provisions.

During the year ended December 31, 2017, WRA's aggregate Federal expenditures did not exceed the \$750,000 threshold and, accordingly, it was not audited pursuant to the provisions of Uniform Guidance.

7. LINE OF CREDIT

WRA maintains a \$500,000 line of credit with a local financial institution. The line of credit is secured by WRA's cash and receivables, and bears interest on outstanding borrowings equal to the Federal prime rate plus 1.00% (6.50% and 5.50% as of December 31, 2018 and 2017, respectively), and is renewable annually, subject to satisfactory credit performance.

As of December 31, 2018, there was no outstanding balance or accrued interest due on the line of credit. As of December 31, 2017, the outstanding balance on the line of credit aggregated \$450,000 (with accrued interest totaling \$1,512).

8. RETIREMENT PLANS

WRA provides retirement benefits to its U.S. employees through a 401(k) profit sharing retirement plan covering those U.S. employees 18 years of age and older (employees are eligible immediately upon hire). WRA makes non-elective safe harbor contributions of five percent of eligible compensation. Contributions to the Plan during the years ended December 31, 2018 and 2017 totaled \$68,540 and \$36,705, respectively, and are included in "Benefits" expense in the accompanying Statements of Functional Expenses.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018 AND 2017

9. GOING CONCERN

As of December 31, 2018 and 2017, WRA maintained a net deficit (without restrictions) position of \$(335,527) and \$(351,804), respectively. Additionally, at times during the years ended December 31, 2018 and 2017, WRA experienced negative cash flows from operations.

Management has evaluated the significance of these conditions in relation to WRA's ability to meet its obligations.

Management's plans (and current funding conditions) that are intended to alleviate the conditions that raise substantial doubt about WRA's ability to continue as a going concern include the following:

- During the year ended December 31, 2018, WRA renewed a three year commitment with a major donor which is providing support totaling \$6,100,000 for the period September 2018 through August 2021.
- WRA has projected a positive unrestricted change in net assets for 2019 year in excess of \$92,000, primarily through cost-cutting as well as increased fundraising efforts targeted to corporate, individual, Board, foundation and other donors providing unrestricted funding.
- WRA plans on drawing the available balance (of \$500,000) on its line of credit (as needed) in order to meet obligations until such time when its net assets without restrictions reserves have been replenished.

The accompanying financial statements have been prepared assuming that WRA will continue as a going concern.

10. CONCENTRATION OF RISK

As discussed in Note 9, management of WRA has evaluated the significance of the conditions in relation to WRA's ability to meet its obligations and has developed plans that intend to alleviate the conditions that raised substantial doubt about WRA's ability to continue as a going concern. Assuming the conditions in Note 9 are not realized, there exists a risk that WRA will be required to wind-down its operations and settle all unspent obligations with its major donors. Additionally, any outstanding obligations with its financial institution (line of credit borrowings) will also be repaid.

11. CONCENTRATION OF REVENUE

Approximately 62% of WRA's support and revenue recognized without donor restrictions during the year ended December 31, 2018 was derived from assistance received from a single donor. WRA has no reason to believe that the relationship with this donor will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect WRA's ability to finance ongoing operations.

12. SUBSEQUENT EVENTS

In preparing these financial statements, WRA has evaluated events and transactions for potential recognition or disclosure through May 21, 2019, the date the financial statements were issued.