

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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, 2019 and 2018, and the related statements of activities and changes in net assets, 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.

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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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020 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 7, 2020

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,600,538	\$ 1,842,268
Grants and contributions receivable	2,783,552	2,010,184
Sub-grantee advances	103,576	180,517
Prepaid expenses	43,199	34,278
Other receivables	<u>6,612</u>	<u>2,378</u>
Total current assets	<u>5,537,477</u>	<u>4,069,625</u>
NONCURRENT ASSETS		
Grants and contributions receivable, net of current portion and present value discount	286,396	1,120,804
Security deposit	<u>14,694</u>	<u>14,694</u>
Total noncurrent assets	<u>301,090</u>	<u>1,135,498</u>
TOTAL ASSETS	<u>\$ 5,838,567</u>	<u>\$ 5,205,123</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 53,467	\$ 34,315
Sub-grants payable	666	3,002
Accrued employee benefits	74,270	90,360
Deferred rent	<u>20,583</u>	<u>8,548</u>
Total current liabilities	<u>148,986</u>	<u>136,225</u>
NONCURRENT LIABILITIES		
Deferred rent, net of current portion	<u>-</u>	<u>20,583</u>
Total liabilities	<u>148,986</u>	<u>156,808</u>
NET ASSETS		
Net assets (deficit) without donor restrictions	5,588	(335,527)
Net assets with donor restrictions	<u>5,683,993</u>	<u>5,383,842</u>
Total net assets	<u>5,689,581</u>	<u>5,048,315</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,838,567</u>	<u>\$ 5,205,123</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
U.S. Government grants	\$ 905,460	\$ -	\$ 905,460
Foundation and other grants	10,697	3,258,148	3,268,845
Contributions	421,654	-	421,654
In-kind contributions	12,785	-	12,785
Interest income	705	-	705
Exchange rate loss	(513)	-	(513)
Net assets released from donor restrictions - satisfaction of program restrictions	<u>2,957,997</u>	<u>(2,957,997)</u>	<u>-</u>
Total support and revenue	<u>4,308,785</u>	<u>300,151</u>	<u>4,608,936</u>
EXPENSES			
Maternal Health	3,364,073	-	3,364,073
Management and General	540,316	-	540,316
Fundraising	<u>63,281</u>	<u>-</u>	<u>63,281</u>
Total expenses	<u>3,967,670</u>	<u>-</u>	<u>3,967,670</u>
Changes in net assets	341,115	300,151	641,266
Net assets at beginning of year	<u>(335,527)</u>	<u>5,383,842</u>	<u>5,048,315</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,588</u>	<u>\$ 5,683,993</u>	<u>\$ 5,689,581</u>

2018		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 887,678	\$ -	\$ 887,678
-	6,542,330	6,542,330
114,300	-	114,300
44,641	-	44,641
626	-	626
(1,673)	-	(1,673)
<u>2,974,634</u>	<u>(2,974,634)</u>	<u>-</u>
<u>4,020,206</u>	<u>3,567,696</u>	<u>7,587,902</u>
3,342,181	-	3,342,181
554,712	-	554,712
<u>107,036</u>	<u>-</u>	<u>107,036</u>
<u>4,003,929</u>	<u>-</u>	<u>4,003,929</u>
16,277	3,567,696	3,583,973
<u>(351,804)</u>	<u>1,816,146</u>	<u>1,464,342</u>
<u>\$ (335,527)</u>	<u>\$ 5,383,842</u>	<u>\$ 5,048,315</u>

See accompanying notes to financial statements.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Maternal Health</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$ 907,701	\$ 219,951	\$ 26,596	\$ 1,154,248
Benefits and payroll taxes	475,637	116,785	13,802	606,224
Printing and production	13,652	6,035	-	19,687
Professional fees	88,738	39,680	2,468	130,886
Occupancy	107,682	63,306	2,392	173,380
Accounting and audit	18,523	7,749	3,419	29,691
Insurance	3,710	11,606	-	15,316
Telephone	22,001	4,071	501	26,573
Travel and related expenses	215,335	10,196	736	226,267
Consulting fees	389,293	15,668	3,825	408,786
Postage and delivery	2,475	296	224	2,995
Supplies	1,700	10,221	78	11,999
Subscriptions	26,297	6,547	5,957	38,801
Meetings	50,850	490	-	51,340
Advertising	315	285	-	600
Bank fees	4,052	1,517	3,283	8,852
Equipment rental and maintenance	-	1,037	-	1,037
Sub-grants	1,036,112	-	-	1,036,112
Other expenses	-	12,091	-	12,091
In-kind professional fees	-	12,785	-	12,785
TOTAL	<u>\$ 3,364,073</u>	<u>\$ 540,316</u>	<u>\$ 63,281</u>	<u>\$ 3,967,670</u>

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 641,266	\$ 3,583,973
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Change in present value discount on noncurrent grants and contributions receivable	(22,822)	36,426
Decrease (increase) in:		
Grants and contributions receivable	83,862	(1,402,932)
Sub-grantee advances	76,941	(92,803)
Prepaid expenses	(8,921)	(3,077)
Other receivables	(4,234)	487
Increase (decrease) in:		
Accounts payable and accrued liabilities	19,152	(34,537)
Sub-grants payable	(2,336)	862
Accrued employee benefits	(16,090)	6,985
Deferred rent	<u>(8,548)</u>	<u>(1,702)</u>
Net cash provided by operating activities	<u>758,270</u>	<u>2,093,682</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash draws from line of credit	-	200,000
Repayments on line of credit	<u>-</u>	<u>(650,000)</u>
Net cash used by financing activities	<u>-</u>	<u>(450,000)</u>
Net increase in cash and cash equivalents	758,270	1,643,682
Cash and cash equivalents at beginning of year	<u>1,842,268</u>	<u>198,586</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,600,538</u>	<u>\$ 1,842,268</u>
SUPPLEMENTAL INFORMATION:		
Interest Paid	<u>\$ -</u>	<u>\$ 3,665</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions.

Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor 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 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.

New accounting pronouncements adopted -

During 2019, WRA adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way WRA recognized revenue; however, the presentation and disclosures of revenue have been enhanced. WRA has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

Also during 2019, WRA adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

New accounting pronouncements adopted (continued) -

Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improve guidance to better distinguish between conditional and unconditional contributions. WRA adopted the ASU using a modified prospective basis.

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 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.

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. 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, 2019 and 2018, 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.

Income taxes -

WRA is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. WRA is not a private foundation.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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

Grants and contributions revenue -

Grants and contributions are recognized in the appropriate category of net assets in the period received. Grants and contributions qualifying as contributions are recorded by WRA upon notification of the contribution and grant award and satisfaction of all conditions, if applicable. Grants and contributions are classified as net assets with donor restrictions when use of the grant or contribution funds is limited to specific programmatic areas or is designated for use in future periods. Grants and contributions with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Grants and contributions received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

WRA receives awards under grants and contracts from the U.S. and foreign governments, international organizations and other sources for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such awards are recorded as exchange transactions within the "without donor restrictions" to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements. Awards received under grants and contracts in advance of incurring the related expenses for direct and indirect program costs are recorded as a refundable advance.

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. 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 \$12,785 and \$44,641 during the years ended December 31, 2019 and 2018, respectively.

In-kind contributions have been allocated to the following functional expense categories during the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Maternal Health	\$ -	\$ 2,400
Management and General	<u>12,785</u>	<u>42,241</u>
TOTAL IN-KIND CONTRIBUTIONS	<u>\$ 12,785</u>	<u>\$ 44,641</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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

Use of estimates -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. 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.

New accounting pronouncement (not yet adopted) -

FASB issued ASU 2019-01, *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, 2020. Early adoption is permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment. WRA plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. GRANTS AND CONTRIBUTIONS RECEIVABLE

WRA receives grants and contributions from foundations and international organizations for multi-year program support. As of December 31, 2019 and 2018, WRA had uncollected commitments from such organizations aggregating \$3,083,552 and \$3,167,414, respectively.

The following is a schedule of expected payments to be received in future years, as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Less than one year	\$ 2,783,552	\$ 2,010,184
One to five years	<u>300,000</u>	<u>1,157,230</u>
Total	3,083,552	3,167,414
Less: Present value discount (3.25%)	<u>(13,604)</u>	<u>(36,426)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 3,069,948</u>	<u>\$ 3,130,988</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following as of December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
IMHM Capacity and Use	\$ 73,922	\$ 79,367
Reinvestment: Advocating for Improved Maternal and Newborn Health II	3,090,000	5,293,268
Sustainable MHN Self Care	1,123,072	11,207
Family Planning to Achieve What Women Want	173,867	-
Advocacy for Universal Health in East Africa	<u>1,223,132</u>	<u>-</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 5,683,993</u>	<u>\$ 5,383,842</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>2019</u>	<u>2018</u>
Reinvestment for Improved Delivery of MNH	\$ -	\$ 1,488,794
IMHM Capacity and Use	224,616	249,388
Reinvestment: Advocating for Improved Maternal and Newborn Health II	2,203,267	770,307
Population Services International - Self-Care Trailblazers	113,269	-
Sustainable MHN Self Care	238,632	185,505
Core Support	-	134,886
Mexico Midwifery	-	145,754
Family Planning to Achieve What Women Want	76,133	-
Advocacy for Universal Health in East Africa	<u>102,080</u>	<u>-</u>
NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 2,957,997</u>	<u>\$ 2,974,634</u>

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:

	<u>2019</u>	<u>2018</u>
Financial assets as of December 31:		
Cash and cash equivalents	\$ 2,600,538	\$ 1,842,268
Grants and contributions receivable, current portion	2,783,552	2,010,184
Subgrantee advances	103,576	180,517
Other receivables	<u>6,612</u>	<u>2,378</u>
Total financial assets	5,494,278	4,035,347
Less: Financial assets unavailable for expenditure within one year due to:		
Donor imposed restrictions for purpose, current portion	<u>(5,397,597)</u>	<u>(4,263,038)</u>
FINANCIAL ASSETS AVAILABLE (DEFICIT) FOR EXPENDITURE WITHIN ONE YEAR	<u>\$ 96,681</u>	<u>\$ (227,691)</u>

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

4. **AVAILABILITY OF FINANCIAL ASSETS (LIQUIDITY) (Continued)**

WRA has a policy to structure its financial assets to be available and liquid as its obligations become due. As of December 31, 2019, WRA had financial assets (available for expenditure) equal to nine days of expenses; as of December 31, 2018, WRA does not have financial assets available for expenditure to cover its 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 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 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 was also abated.

WRA entered into a new lease agreement commencing September 1, 2020 through August 31, 2027. Base rental payments under the new agreement are \$25,386 per month, subject to a 2.5% annual escalation. The first eight months of the rental payments will be abated, as well as the first three months of year two and the first two months of years three and four.

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. As of December 31, 2019 and 2018, the total deferred rent liability aggregated \$20,583 and \$29,131, respectively.

During the years ended December 31, 2019 and 2018, the deferred rent liability aggregated \$20,583 and \$29,131, respectively.

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

Year Ended December 31,

2020	\$	133,552
2021		127,565
2022		261,516
2023		268,045
2024		330,765
2025 and Thereafter		<u>922,067</u>
TOTAL FUTURE MINIMUM LEASE PAYMENTS	\$	<u>2,043,510</u>

Rent expense during the years ended December 31, 2019 and 2018 totaled \$169,455 and \$169,455, respectively, and is included in Occupancy in the accompanying Statements of Functional Expenses.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, 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, 2019 and 2018, exceeded the \$750,000 threshold (as stipulated in Uniform Guidance), and thus, WRA was required to be audited pursuant to those provisions. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

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, 2019 and 2018, respectively), and is renewable annually, subject to satisfactory credit performance. During the years ended (and as of) December 31, 2019 and 2018, there were no borrowings the line of credit.

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, 2019 and 2018 totaled \$70,277 and \$68,540, respectively, and are included in Benefits and payroll taxes expense in the accompanying Statements of Functional Expenses.

9. CONCENTRATION OF REVENUE

Approximately 56% and 62% of WRA's support and revenue recognized without donor restrictions during the years ended December 31, 2019 and 2018, respectively, 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.

10. SUBSEQUENT EVENTS

In preparing these financial statements, WRA has evaluated events and transactions for potential recognition or disclosure through May 7, 2020, the date the financial statements were issued.

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the WRA's operations. The overall potential impact is unknown at this time.

THE WHITE RIBBON ALLIANCE FOR SAFE MOTHERHOOD

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018**

10. SUBSEQUENT EVENTS (Continued)

On May 6, 2020, WRA secured \$268,300 of funding through the Paycheck Protection Program (PPP) from the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act enacted March 27, 2020. It is expected that any negative financial impact from COVID-19 (any inability to pay staff) will be mitigated by the PPP loan.