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MADRE



Audited Financial Statements
September 30, 2020

Independent Auditor's Report

To the Board of Directors of
MADRE, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of MADRE, Inc. ("MADRE"), which comprise the statement of financial position as of September 30, 2020, 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.

Auditor's 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 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.

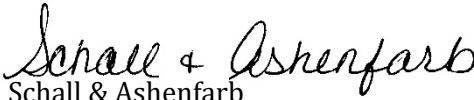
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MADRE, Inc. as of September 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited MADRE's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.


Schall & Ashenfarb
Certified Public Accountants, LLC

March 25, 2021

MADRE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020
(With comparative totals as of September 30, 2019)

	<u>9/30/20</u>	<u>9/30/19</u>
Assets		
Cash and cash equivalents	\$8,530,910	\$4,774,470
Investments (Note 3)	2,428,024	2,744,027
Grants receivable	619,290	1,672,341
Contributions receivable, net (Note 4)	1,331,483	4,557,816
Prepaid expenses and other assets	1,079,400	912,646
Fixed assets, net (Note 5)	121,048	154,405
Security deposit	43,894	43,894
Deferred compensation investments (Note 6)	37,404	18,500
	<u> </u>	<u> </u>
Total assets	<u><u>\$14,191,453</u></u>	<u><u>\$14,878,099</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$213,079	\$180,675
Paycheck Protection Program loan (Note 7)	420,293	0
Agency funds payable - Due to other projects (Note 8)	15,276	14,516
Deferred rent	123,586	130,910
Deferred compensation obligation (Note 6)	37,404	18,500
	<u> </u>	<u> </u>
Total liabilities	<u>809,638</u>	<u>344,601</u>
Net assets:		
Without donor restrictions	9,867,229	4,018,709
With donor restrictions (Note 9)	3,514,586	10,514,789
	<u> </u>	<u> </u>
Total net assets	<u>13,381,815</u>	<u>14,533,498</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u><u>\$14,191,453</u></u>	<u><u>\$14,878,099</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

MADRE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With comparative totals for the year ended September 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 9/30/20</u>	<u>Total 9/30/19</u>
Operating:				
Public support and revenue:				
Public support:				
Contributions	\$3,947,299	\$1,700,082	\$5,647,381	\$4,381,052
Grants	190,324	22,000	212,324	3,585,941
In-kind contributions (Note 11)	71,431		71,431	940,409
Total public support	<u>4,209,054</u>	<u>1,722,082</u>	<u>5,931,136</u>	<u>8,907,402</u>
Revenue:				
Interest and investment income	58,003		58,003	68,192
Fiscal sponsor fee income	20,947		20,947	22,878
Miscellaneous	6,534		6,534	3,572
Total revenue	<u>85,484</u>	<u>0</u>	<u>85,484</u>	<u>94,642</u>
Net assets released from restrictions (Note 9)	<u>8,722,285</u>	<u>(8,722,285)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>13,016,823</u>	<u>(7,000,203)</u>	<u>6,016,620</u>	<u>9,002,044</u>
Expenses:				
Program services	<u>5,594,431</u>		<u>5,594,431</u>	<u>5,802,282</u>
Supporting services:				
Management and general	876,887		876,887	733,649
Fundraising	726,462		726,462	576,693
Total supporting services	<u>1,603,349</u>	<u>0</u>	<u>1,603,349</u>	<u>1,310,342</u>
Total expenses	<u>7,197,780</u>	<u>0</u>	<u>7,197,780</u>	<u>7,112,624</u>
Change in net assets from operations	5,819,043	(7,000,203)	(1,181,160)	1,889,420
Non-operating activity:				
Net gain/(loss) on investments (Note 3)	86,880		86,880	(934)
Foreign currency loss	(57,403)		(57,403)	(82,792)
Total non-operating activity	<u>29,477</u>	<u>0</u>	<u>29,477</u>	<u>(83,726)</u>
Change in net assets	5,848,520	(7,000,203)	(1,151,683)	1,805,694
Net assets - beginning of year	<u>4,018,709</u>	<u>10,514,789</u>	<u>14,533,498</u>	<u>12,727,804</u>
Net assets - end of year	<u>\$9,867,229</u>	<u>\$3,514,586</u>	<u>\$13,381,815</u>	<u>\$14,533,498</u>

The attached notes and auditor's report are an integral part of these financial statements.

MADRE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With comparative totals for the year ended September 30, 2019)

	Supporting Services			Total Supporting Services	Total Expenses 9/30/20	Total Expenses 9/30/19
	Program Services	Management and General	Fundraising			
Salaries and wages	\$1,825,416	\$151,251	\$283,195	\$434,446	\$2,259,862	\$1,658,505
Payroll taxes and benefits	592,138	48,685	91,275	139,960	732,098	563,537
Total personnel services	<u>2,417,554</u>	<u>199,936</u>	<u>374,470</u>	<u>574,406</u>	<u>2,991,960</u>	<u>2,222,042</u>
In-kind humanitarian aid (Note 11)	50,431				50,431	925,239
Grant expenses	2,064,856				2,064,856	1,598,642
Professional fees (including in-kind) (Note 11)	339,106	478,361	15,259	493,620	832,726	983,661
Postage and mailings	13,800	10,038	23,960	33,998	47,798	59,322
Occupancy and space rental	291,579	24,159	45,236	69,395	360,974	338,244
Direct mail processing			107,026	107,026	107,026	111,134
Travel	149,550			0	149,550	311,441
Printing, design and publications	18,140	86	105,541	105,627	123,767	163,278
IT services and maintenance	50,644	4,196	7,857	12,053	62,697	88,587
Bank and credit card charges		11,026	20,595	31,621	31,621	18,306
Conferences	29,292	668	1,250	1,918	31,210	53,317
Telephone and communications	25,271	2,093	3,921	6,014	31,285	32,181
Equipment rental, repairs and maintenance	22,088	1,572	2,945	4,517	26,605	39,818
Office supplies and expenses	27,045	2,240	4,196	6,436	33,481	53,846
Miscellaneous	32,674	6,281	4,525	10,806	43,480	36,968
Insurance	25,768	3,195	3,997	7,192	32,960	29,277
Bad debt expense		130,000		130,000	130,000	0
Depreciation	36,633	3,036	5,684	8,720	45,353	47,321
Total	<u><u>\$5,594,431</u></u>	<u><u>\$876,887</u></u>	<u><u>\$726,462</u></u>	<u><u>\$1,603,349</u></u>	<u><u>\$7,197,780</u></u>	<u><u>\$7,112,624</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

MADRE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2020
(With comparative totals for the year ended September 30, 2019)

	9/30/20	9/30/19*
Cash flows from operating activities:		
Change in net assets	(\$1,151,683)	\$1,805,694
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	45,353	47,321
Net gain on investments	(119,241)	(22,758)
Donated securities	(410,464)	(196,489)
Changes in assets and liabilities:		
Grants receivable	1,053,051	(1,606,895)
Contributions receivable	3,226,333	1,936,344
Prepaid expenses and other assets	(166,754)	(579,005)
Security deposit	0	(19,424)
Accounts payable and accrued expenses	32,404	38,714
Grant advance	0	(261,765)
Paycheck Protection Program loan	420,293	0
Agency funds payable - Due to other projects	760	11,422
Deferred rent	(7,324)	24,939
Total adjustments	4,074,411	(627,596)
Net cash provided by operating activities	2,922,728	1,178,098
Cash flows from investing activities:		
Purchases of fixed assets	(11,996)	(62,618)
Purchases of investments (including reinvestments of interest income)	(314,869)	(846,410)
Proceeds from sale of investments	1,160,577	802,863
Net cash provided by/(used for) investing activities	833,712	(106,165)
Net increase in cash and cash equivalents	3,756,440	1,071,933
Cash and cash equivalents - beginning of year	4,774,470	3,702,537
Cash and cash equivalents - end of year	\$8,530,910	\$4,774,470
Supplemental information:		
Interest and taxes paid	\$0	\$0

*Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

MADRE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1. Nature of the Organization

MADRE, Inc. (“MADRE”) is an international women’s human rights organization that works towards a world in which all people enjoy the fullest range of individual and collective human rights; in which resources are shared equitably and sustainably; in which women participate effectively in all aspects of society; and in which people have a meaningful say in decisions that affect their lives.

MADRE uses human rights to advance social justice and partners with women in communities worldwide to meet urgent, local needs and create long-term solutions to the problems that women face.

MADRE was incorporated in the State of New York and has been notified by the Internal Revenue Service that they are exempt from Federal tax under Section 501(c)(3) of the Internal Revenue Code and similar New York State statutes. MADRE has not been determined to be a private foundation as defined in section 509(a).

Note 2. Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements of MADRE have been prepared using the accrual basis of accounting, which is the process of recording revenue, public support, and expenses when earned or incurred rather than received or paid.

Effective October 1, 2019, MADRE adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, and all subsequent amendments to the ASU (collectively, “Topic 606”). This provides the framework for recognizing revenue by highlighting the identification of performance obligations of a contract, determining the price, and then allocating the price to each of the performance obligations so that revenue is recognized as each of those performance obligations are satisfied.

Also, effective October 1, 2019, MADRE adopted ASU No. 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (“Topic 605”). Key provisions of this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance for conditional versus unconditional contributions. In accordance with this new standard, MADRE evaluates whether a transfer of assets is an exchange transaction in which a resource provider is receiving a commensurate value in return for the transfer of resources or whether it is non-reciprocal. If the transaction is determined to be an exchange transaction, MADRE applies guidance under Topic 606. If the transaction is determined to be non-reciprocal, it is treated as a contribution under Topic 605.

Analysis of the various provisions of both standards resulted in no significant changes in the way MADRE recognizes revenue.

b. Basis of Presentation

MADRE reports information regarding its financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* – accounts for activity without donor-imposed restrictions.
- *Net Assets With Donor Restrictions* – represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time and/or must remain intact in perpetuity.

c. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to MADRE's ongoing services. Non-operating activities are limited to realized and unrealized gains and losses on investments and foreign currency gains and losses.

d. Revenue Recognition

MADRE has adopted Topic 606 using the modified retrospective method applied to all contracts after October 1, 2019 and continues to use legacy GAAP for all contracts before October 1, 2019.

MADRE analyzes each source of revenue to determine that it has a contract with the customer that identifies both the performance obligation and the transaction price. Revenue is recognized when the performance obligation is complete.

Fiscal sponsor fee income falls under Topic 606 and is recognized as the grants are administered to the pass-through agency, which is over the service period. Payments received in advance of performing services are recorded as deferred income and will be recognized as income in the period earned. Fees that have yet to be collected at year end are reflected as receivables.

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in the net asset classes referred to above depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined under ASU No. 2018-08 as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. Conditional pledges that have not been recognized amounted to \$11,712 at September 30, 2020. There were no conditional pledges at September 30, 2019.

Grants received by MADRE are primarily conditional, non-exchange transactions and fall under Topic 605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Contributions and grants that are expected to be received in less than one year are recorded at net realizable value. Those pledges that are due in greater than one year are recorded at fair value, which is calculated using a risk-adjusted rate of return. Long-term pledges are treated as time restricted until the period they are due, at which time they will be released from restriction and transferred to net assets without restrictions. All grants receivable as of year-end were due within one year. See details in Note 4 for contribution receivables.

Management assesses the collectability of all outstanding receivables based upon historical trends and experience with donors. Based on that review, management has concluded that all receivables are collectible. As such, no allowance for uncollectible accounts was deemed necessary for the years ended September 30, 2020 and 2019.

e. Fair Value Measurement

Accounting standards have established a fair value hierarchy, giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted, quoted prices in active markets for identical assets or liabilities that MADRE has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are not observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value measurements were used for the following:

- Investments
- Deferred compensation investments and obligations
- In-kind contributions

f. Cash and Cash Equivalents

MADRE considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

g. Significant Concentrations

Financial instruments, which potentially subject MADRE to concentration of credit risk consist of cash, money market accounts and investment securities which have been placed with high-quality financial institutions that management deems to be creditworthy. A significant portion of the funds is not insured by the FDIC or a related entity; however, MADRE has not experienced any losses from these accounts due to the failure of any financial institution.

The market value of investments is subject to fluctuation; however, management believes that their investment policy is prudent for the long-term welfare of MADRE.

During the year ending September 30, 2020, approximately 34% of public support was received from contributions from one foundation. During the year ending September 30, 2019, approximately 56% of public support was received from contributions from one foundation and one government grant.

In addition, two foundations had receivable balances that consisted of 81% and 94% of contributions receivable as of September 30, 2020 and 2019, respectively. One government agency had a receivable balance that consisted of 90% and 99% of grants receivable at September 30, 2020 and 2019, respectively.

h. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Realized and unrealized gains and losses, and investment fees are recognized in the statement of activities as non-operating activity.

i. Fixed Assets

Fixed assets, consisting of furniture and office equipment are capitalized in the year acquired and are carried at cost, if purchased, or fair value, if donated. Depreciation and amortization are computed over the estimated useful lives of the assets (generally three years) or the life of the lease using the straight-line method. Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life are charged to expenses as incurred.

j. Deferred Rent

Rent expense is recognized evenly over the life of the lease using the straight-line method. Rent expense recognized in excess of cash payments is reflected as deferred rent. When payments exceed the amount of rent recognized as expense, the deferred rent is reduced until it becomes zero at the end of the lease.

k. In-Kind Services and Donated Materials

In-kind donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind. See Note 11 for the details of in-kind services recognized.

Board members and other individuals volunteer their time and perform a variety of tasks that assist MADRE. Thirteen volunteers spent over 460 hours during the year ended September 30, 2020. Fifteen volunteers spent over 2,500 hours during the year ended September 30, 2019. These services have not been recorded in the financial statements as they do not meet the criteria outlined above.

l. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

m. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocations are determined by management on an equitable basis.

The following costs are allocated using time and effort as the basis:

- Salaries and wages
- Payroll taxes and benefits
- Professional fees
- Occupancy and space rental
- IT services and maintenance
- Conferences
- Telephone and communications
- Equipment rental, repairs and maintenance
- Office supplies and expenses
- Miscellaneous
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

n. Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with MADRE's audited financial statements for the year ended September 30, 2019, from which the summarized information was derived.

o. Accounting for Uncertainty of Income Taxes

MADRE does not believe its financial statements include any material, uncertain tax positions. MADRE changed its year-end to September 30, 2017 and filed a tax return for the nine-month period then ended.

MADRE had previously filed tax returns at a December year end. Tax filings for periods ended September 30, 2017 and later are subject to examination by applicable taxing authorities.

p. New Accounting Pronouncements

FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which becomes effective for the September 30, 2022 year with early adoption permitted. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the September 30, 2023 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Management is in the process of evaluating the impact these standards will have on future financial statements.

Note 3. Investments

The following summarizes the composition of investments:

	<u>September 30, 2020</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$26,368	\$0	\$26,368
Bond Funds			
US Short Term Government	325,559	0	325,559
US Intermediate Government	105,772	0	105,772
US Intermediate Core Plus	54,396	0	54,396
Equity Funds:			
Foreign Large Value	24,121	0	24,121
Bonds:			
Foreign Corporate	0	0	0
US Corporate	0	257,714	257,714
US Municipal	0	104,029	104,029
US Treasury	0	202,292	202,292
Equities:			
US Common Stock	656,558	0	656,558
Foreign Common Stock	511,118	0	511,118
US Exchange Traded Funds	137,239	0	137,239
Real Estate Investment Trusts	<u>22,858</u>	<u>0</u>	<u>22,858</u>
Total	<u>\$1,863,989</u>	<u>\$564,035</u>	<u>\$2,428,024</u>

	<u>September 30, 2019</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$287,824	\$0	\$287,824
Bond Funds:			
US Short Term Government	613,771	0	613,771
US Intermediate Government	101,284	0	101,284
US Intermediate Core Plus	51,251	0	51,251
Equity Funds:			
Foreign Large Value	24,212	0	24,212
Bonds:			
Foreign Corporate	0	20,260	20,260
US Corporate	0	188,845	188,845
US Municipal	0	137,810	137,810
US Treasury	0	185,731	185,731
Equities:			
US Common Stock	632,057	0	632,057
Foreign Common Stock	244,170	0	244,170
Foreign Preferred Stock	1,473	0	1,473
US Exchange Traded Funds	124,330	0	124,330
Real Estate Investment Trusts	<u>131,009</u>	<u>0</u>	<u>131,009</u>
Total	<u>\$2,211,381</u>	<u>\$532,646</u>	<u>\$2,744,027</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. This method produces a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

Net gain/(loss) on investments consist of the following:

	<u>9/30/20</u>	<u>9/30/19</u>
Realized gains	\$3,597	\$83,244
Unrealized gain/(loss)	115,644	(60,486)
Investment fees	<u>(32,361)</u>	<u>(23,692)</u>
Total	<u>\$86,880</u>	<u>(\$934)</u>

Note 4. Contributions Receivable

Contributions receivable at year end are due in the following periods:

	<u>9/30/20</u>	<u>9/30/19</u>
Within one year	\$1,086,483	\$3,942,140
Two to five years	<u>250,000</u>	<u>627,676</u>
Total contributions	1,336,483	4,569,816
Less: discount to fair value at 1%	<u>(5,000)</u>	<u>(12,000)</u>
Contributions receivable, net	<u>\$1,331,483</u>	<u>\$4,557,816</u>

Note 5. Fixed Assets

Fixed assets consist of the following:

	<u>9/30/20</u>	<u>9/30/19</u>
Furniture and fixtures	\$17,576	\$17,576
Office equipment	154,994	142,998
Leasehold improvements	<u>186,878</u>	<u>186,878</u>
	359,448	347,452
Less: accumulated depreciation	<u>(238,400)</u>	<u>(193,047)</u>
Total fixed assets	<u>\$121,048</u>	<u>\$154,405</u>

Note 6. 457(b) Plan

In 2019, MADRE established a deferred compensation plan for the Executive Director as described under Section 457(b) of the Internal Revenue Code. The funds are maintained in a segregated investment account and payable under terms of the agreement. The liability and corresponding investment were \$37,404 and \$18,500 at September 30, 2020 and 2019, respectively. The entire fund balance was held in cash and cash equivalents, which is considered level 1 on the fair value hierarchy. All contributions to the plan are employer contributions. The Board of Directors approved annual contributions of \$18,500 until retirement or the board approves to reduce or eliminate annual contributions to the fund. During the years ended September 30, 2020 and 2019, a total of \$18,500 was contributed to the plan.

Note 7. Paycheck Protection Program Loan

On April 30, 2020, MADRE obtained a loan from the SBA in the amount of \$420,293 through the Paycheck Protection Program. Terms of the loan indicate that if certain conditions are met, which include maintaining average work forces during periods subsequent to receipt of the loan funds that are greater than pre-determined historical periods, that the loan, or a portion thereof, will be forgiven. Portions that are not forgiven will be payable over a two-year period, with a ten-month deferral of payments and interest will accrue at 1%. The loan forgiveness amount has not been determined as of the date of these financial statements.

MADRE expects to recognize revenue from this loan consistent with ASU 2018-08, as it is considered to have traits similar to a conditional contribution.

Note 8. Agency Funds Receivable and Payable

MADRE is the fiscal sponsor of other projects that support human rights for women across the globe. MADRE records the funds received as a liability and then reduces the liability as funds are disbursed on behalf of the agencies. MADRE is entitled to an administrative fee ranging from 5% to 15% on all funds received.

Note 9. Net Assets With Donor Restrictions

The activity of net assets with donor restrictions is as follows:

	<u>September 30, 2020</u>			
	<u>Balance</u> <u>10/1/19</u>	<u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>9/30/20</u>
Program restrictions:				
Bahamas projects	\$10,000	\$0	\$0	\$10,000
Colombia projects	2,057	0	(2,057)	0
Guatemala projects	2,532	0	(2,532)	0
Iraq projects	835	0	(835)	0
Nicaragua projects	72,515	692	(61,550)	11,657
Lebanon projects	0	127,912	(15,900)	112,012
Palestine projects	132,641	3,403	(105,023)	31,021
Syria projects	79,702	10,000	(78,035)	11,667
Emergency funds	80,905	214,075	(47,010)	247,970
Other programs and initiatives	1,248	2,000	(644)	2,604
No Borders on Gender Justice	69,842	0	(14,223)	55,619
Adolescent Girls Fund	4,662,476	0	(4,662,476)	0
Ending Gender Violence	1,448,974	756,588	(796,755)	1,408,807
Building a Just Peace	68,782	49,412	(78,782)	39,412
Advancing Climate Justice	497,080	325,000	(474,863)	347,217
Total program restrictions	<u>7,129,589</u>	<u>1,489,082</u>	<u>(6,340,685)</u>	<u>2,277,986</u>
Time restricted	<u>3,385,200</u>	<u>233,000</u>	<u>(2,381,600)</u>	<u>1,236,600</u>
Total	<u>\$10,514,789</u>	<u>\$1,722,082</u>	<u>(\$8,722,285)</u>	<u>\$3,514,586</u>

September 30, 2019

	<u>Balance</u> <u>10/1/18</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	<u>Balance</u> <u>9/30/19</u>
Program restrictions:				
Bahamas projects	\$0	\$10,000	\$0	\$10,000
Colombia projects	0	3,331	(1,274)	2,057
Guatemala projects	4,748	2,419	(4,635)	2,532
Iraq projects	32,528	2,289	(33,982)	835
Nicaragua projects	73,090	529	(1,104)	72,515
Palestine projects	706,771	2,115	(576,245)	132,641
Syria projects	104,911	14,603	(39,812)	79,702
Emergency funds	80,563	345	(3)	80,905
Other programs and initiatives	870	444	(66)	1,248
No Borders on Gender Justice	20,100	78,025	(28,283)	69,842
Adolescent Girls Fund	4,955,595	207,000	(500,119)	4,662,476
Ending Gender Violence	55,630	1,995,015	(601,671)	1,448,974
Building a Just Peace	0	124,845	(56,063)	68,782
Advancing Climate Justice	<u>938,858</u>	<u>218,000</u>	<u>(659,778)</u>	<u>497,080</u>
Total program restrictions	6,973,664	2,658,960	(2,503,035)	7,129,589
Time restricted	<u>2,214,000</u>	<u>3,437,300</u>	<u>(2,266,100)</u>	<u>3,385,200</u>
Total	<u>\$9,187,664</u>	<u>\$6,096,260</u>	<u>(\$4,769,135)</u>	<u>\$10,514,789</u>

Note 10. Commitments

MADRE had an operating lease for office space which was set to expire in March 2025. Subsequent to year end, MADRE entered into a release and partial surrender agreement. Under this agreement, MADRE terminated the lease as of December 7, 2020, was released from future rental obligations, and paid a termination penalty of \$501,516.

On November 9, 2018, MADRE entered into an expansion agreement with its current landlord for additional office space that commences December 2018 and expires November 2023. Rent expense charged to operations is approximately \$360,000 and \$338,000 for the years ended September 30, 2020 and 2019, respectively.

Minimum lease commitments, net of rental income, and including the termination penalty are summarized as follows:

Year ending:	September 30, 2021	658,442
	September 30, 2022	113,477
	September 30, 2023	123,189
	September 30, 2024	<u>20,894</u>
Total		<u>\$916,002</u>

Note 11. In-Kind Services and Donated Materials

The following summarizes in-kind services and donated materials:

	<u>9/30/20</u>	<u>9/30/19</u>
Humanitarian aid	\$50,431	\$925,239
Legal	20,000	14,410
Consultant – communication	1,000	0
Consultant – design	<u>0</u>	<u>760</u>
Total	<u>\$ 71,431</u>	<u>\$940,409</u>

Donated non-cash assets that are used for humanitarian purposes for those in need in foreign countries are recorded at fair value. Inputs used to determine fair value include independent published sources where available, which is considered level 2 on the fair value hierarchy. For the year ended September 30, 2020, all in-kind services and donated materials were allocated to program services on the statement of functional expenses. For the year ended September 30, 2019, MADRE allocated the humanitarian aid and design consultant as program services, and the pro bono legal as management and general on the statement of functional expenses.

Note 12. 401(k) Plan

MADRE has a retirement plan under IRS Section 401(k). All eligible employees (as defined by the plan) may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. MADRE can provide a discretionary match to eligible employees. MADRE contributed \$41,255 and \$24,609 to the 401(k) plan during the years ended September 30, 2020 and 2019, respectively.

Note 13. Availability and Liquidity

The following reflects MADRE's financial assets at September 30, 2020 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$8,530,910
Investments	2,428,024
Grants receivable, due within one year	619,290
Contributions receivable, due within one year	<u>1,086,483</u>
Total financial assets	\$12,664,707
Less contributions with purpose and time restrictions not available within one year	<u>(3,159,586)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$9,505,121</u>

MADRE maintains cash on hand to be available for its general expenditures, liabilities, grants, and other obligations for on-going operations. As part of its liquidity management, MADRE operates its programs within a board approved budget and relies on contributions and grants to fund its operations and program activities. As of September 30, 2020, there are no other internal or external limits imposed on MADRE's financial assets.

Note 14. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through March 25, 2021, the date the financial statements were available to be issued. All events that have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements have been made.

Note 15. Other Matters

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which MADRE operates. It is unknown how long these conditions will last and what the complete financial effect will be. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.