

IRA L. SCHALL, CPA  
DAVID C. ASHENFARB, CPA  
MICHAEL L. SCHALL, CPA

**MADRE**



Audited Financial Statements  
September 30, 2021

## **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, 2021, 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.

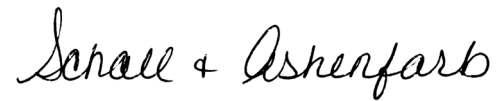
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 25, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 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, 2022

**MADRE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF SEPTEMBER 30, 2021**  
(With comparative totals as of September 30, 2020)

	9/30/21	9/30/20
<b>Assets</b>		
Cash and cash equivalents	\$10,085,666	\$8,530,910
Investments (Note 3)	3,469,551	2,428,024
Grants receivable	102,373	619,290
Contributions receivable, net (Note 4)	507,198	1,331,483
Prepaid expenses and other assets	1,240,266	1,079,400
Fixed assets, net (Note 5)	14,412	121,048
Security deposit	19,424	43,894
Deferred compensation investments (Note 6)	55,162	37,404
	\$15,494,052	\$14,191,453
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$170,836	\$213,079
Paycheck Protection Program loan (Note 7)	544,455	420,293
Agency funds payable - Due to other projects (Note 8)	16,002	15,276
Deferred rent	13,254	123,586
Deferred compensation obligation (Note 6)	55,162	37,404
	799,709	809,638
<b>Net assets:</b>		
Without donor restrictions	9,863,630	9,867,229
With donor restrictions (Note 9)	4,830,713	3,514,586
	14,694,343	13,381,815
Total net assets	14,694,343	13,381,815
Total liabilities and net assets	\$15,494,052	\$14,191,453

*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, 2021**  
(With comparative totals for the year ended September 30, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 9/30/21</u>	<u>Total 9/30/20</u>
Operating:				
Public support and revenue:				
Public support:				
Contributions	\$3,400,570	\$4,324,212	\$7,724,782	\$5,647,381
Grants	654,863		654,863	212,324
In-kind contributions (Note 11)	1,087,744		1,087,744	71,431
Paycheck Protection Program grant (Note 7)	420,293		420,293	0
Total public support	<u>5,563,470</u>	<u>4,324,212</u>	<u>9,887,682</u>	<u>5,931,136</u>
Revenue:				
Interest and investment income	36,732		36,732	58,003
Fiscal sponsor fee income	24,459		24,459	20,947
Other	13,696		13,696	6,534
Total revenue	<u>74,887</u>	<u>0</u>	<u>74,887</u>	<u>85,484</u>
Net assets released from restrictions (Note 9)	<u>3,008,085</u>	<u>(3,008,085)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>8,646,442</u>	<u>1,316,127</u>	<u>9,962,569</u>	<u>6,016,620</u>
Expenses:				
Program services	<u>7,267,249</u>		<u>7,267,249</u>	<u>5,594,431</u>
Supporting services:				
Management and general	946,780		946,780	876,887
Fundraising	784,211		784,211	726,462
Total supporting services	<u>1,730,991</u>	<u>0</u>	<u>1,730,991</u>	<u>1,603,349</u>
Total expenses	<u>8,998,240</u>	<u>0</u>	<u>8,998,240</u>	<u>7,197,780</u>
Change in net assets from operations	(351,798)	1,316,127	964,329	(1,181,160)
Non-operating activity:				
Net gain on investments (Note 3)	382,722		382,722	86,880
Foreign currency gain/(loss)	44,900		44,900	(57,403)
Loss on disposal of fixed assets	(79,423)		(79,423)	0
Total non-operating activity	<u>348,199</u>	<u>0</u>	<u>348,199</u>	<u>29,477</u>
Change in net assets	(3,599)	1,316,127	1,312,528	(1,151,683)
Net assets - beginning of year	<u>9,867,229</u>	<u>3,514,586</u>	<u>13,381,815</u>	<u>14,533,498</u>
Net assets - end of year	<u><u>\$9,863,630</u></u>	<u><u>\$4,830,713</u></u>	<u><u>\$14,694,343</u></u>	<u><u>\$13,381,815</u></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, 2021**  
(With comparative totals for the year ended September 30, 2020)

	Supporting Services			Total Supporting Services	Total Expenses 9/30/21	Total Expenses 9/30/20
	Program Services	Management and General	Fundraising			
Salaries and wages	\$1,795,424	\$168,649	\$306,361	\$475,010	\$2,270,434	\$2,259,862
Payroll taxes and benefits	629,981	58,621	106,664	165,285	795,266	732,098
Total personnel services	<u>2,425,405</u>	<u>227,270</u>	<u>413,025</u>	<u>640,295</u>	<u>3,065,700</u>	<u>2,991,960</u>
In-kind humanitarian aid (Note 11)	1,034,744				1,034,744	50,431
Grant expenses	2,435,839				2,435,839	2,064,856
Professional fees (including in-kind) (Note 11)	664,162	629,671	29,315	658,986	1,323,148	832,726
Postage and mailings	10,501	7,638	18,233	25,871	36,372	47,798
Occupancy and space rental	470,658	42,531	77,260	119,791	590,449	360,974
Direct mail processing			108,837	108,837	108,837	107,026
Travel	44,216			0	44,216	149,550
Printing, design and publications	14,154	66	82,352	82,418	96,572	123,767
IT services and maintenance	28,591	2,685	4,879	7,564	36,155	62,697
Bank and credit card charges		24,739	28,064	52,803	52,803	31,621
Conferences	10,124	177	322	499	10,623	31,210
Telephone and communications	20,037	1,882	3,419	5,301	25,338	31,285
Equipment rental, repairs and maintenance	18,345	1,724	3,130	4,854	23,199	26,605
Office supplies and expenses	18,249	1,714	3,114	4,828	23,077	33,481
Miscellaneous	31,908	2,895	5,382	8,277	40,185	43,480
Insurance	18,797	1,766	3,207	4,973	23,770	32,960
Bad debt expense				0	0	130,000
Depreciation	21,519	2,022	3,672	5,694	27,213	45,353
Total expenses	<u>\$7,267,249</u>	<u>\$946,780</u>	<u>\$784,211</u>	<u>\$1,730,991</u>	<u>\$8,998,240</u>	<u>\$7,197,780</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, 2021**  
(With comparative totals for the year ended September 30, 2020)

	<u>9/30/21</u>	<u>9/30/20</u>
Cash flows from operating activities:		
Change in net assets	\$1,312,528	(\$1,151,683)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	27,213	45,353
Loss on disposal of fixed assets	79,423	0
Gain on investments	(411,337)	(119,241)
Donated securities	(408,521)	(410,464)
Changes in assets and liabilities:		
Grants receivable	516,917	1,053,051
Contributions receivable	824,285	3,226,333
Prepaid expenses and other assets	(160,866)	(166,754)
Security deposit	24,470	0
Accounts payable and accrued expenses	(42,243)	32,404
Paycheck Protection Program loan	124,162	420,293
Agency funds payable - Due to other projects	726	760
Deferred rent	(110,332)	(7,324)
Total adjustments	<u>463,897</u>	<u>4,074,411</u>
Net cash provided by operating activities	<u>1,776,425</u>	<u>2,922,728</u>
Cash flows from investing activities:		
Purchases of fixed assets	0	(11,996)
Purchases of investments (including reinvestments of interest income)	(2,151,277)	(314,869)
Proceeds from sale of investments	1,929,608	1,160,577
Net cash (used for)/provided by investing activities	<u>(221,669)</u>	<u>833,712</u>
Net increase in cash and cash equivalents	1,554,756	3,756,440
Cash and cash equivalents - beginning of year	<u>8,530,910</u>	<u>4,774,470</u>
Cash and cash equivalents - end of year	<u>\$10,085,666</u>	<u>\$8,530,910</u>
Supplemental information:		
Interest and taxes paid	<u>\$0</u>	<u>\$0</u>

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

**MADRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**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 income 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.

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, foreign currency gains and losses, and gains and losses on disposals of fixed assets.



d. Revenue Recognition

MADRE follows the requirements of the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") 606 for recognizing revenue from contracts with customers. Fiscal sponsor fee income falls under ASC 606. 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 completed. Payments received in advance of the completion of the earnings process are reported as refundable advances.

Fiscal sponsor fee income consists of grants, which are administered to a pass-through agency. At the time MADRE administers the grant, the performance obligation is considered to be met and the revenue is recognized. When there is a difference between the timing of when revenue is recognized and cash is received, a receivable or deferred contract revenue is recorded.

MADRE follows the requirements of FASB ASC 958-605 for recording contributions. Contributions are recorded at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described 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 are received, they are classified as without donor restrictions.

Contributions may be subject to conditions which are defined 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, 2021.

Grants received by MADRE are primarily conditional, non-exchange transactions and fall under FASB ASC 958-605. 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 Note 4 for details.

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, 2021 and 2020.

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 a 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.

In addition, two foundations had receivable balances that consisted of 60% and 81% of contributions receivable as of September 30, 2021 and 2020, respectively. One government agency had a receivable balance that consisted of 72% and 90% of grants receivable at September 30, 2021 and 2020, 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 Contributions  
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 details.

Board members and other individuals volunteer their time and perform a variety of services that assist MADRE. Seventeen volunteers spent over 4,000 hours during the year ended September 30, 2021. Thirteen volunteers spent over 460 hours during the year ended September 30, 2020. 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. Functional Allocation of Expenses  
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, 2020, 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. Tax filings for periods ended September 30, 2018 and later are subject to examination by applicable taxing authorities.

p. New Accounting Pronouncements

FASB issued Accounting Standards Update ("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.

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, 2021</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$84,172	\$0	\$84,172
Bond Funds			
U.S. Short Term Government	464,097	0	464,097
U.S. Intermediate Government	129,659	0	129,659
U.S. Intermediate Core Plus	70,410	0	70,410
Equity Funds:			
U.S. Large Blend	918,540	0	918,540
Bonds:			
U.S. Corporate	0	286,889	286,889
U.S. Municipal	0	109,898	109,898
U.S. Treasury	0	205,456	205,456
Equities:			
U.S. Common Stock	649,718	0	649,718
Foreign Common Stock	98,174	0	98,174
Real Estate Investment Trust	19,795	0	19,795
Exchange Traded Funds	<u>432,743</u>	<u>0</u>	<u>432,743</u>
Total	<u>\$2,867,308</u>	<u>\$602,243</u>	<u>\$3,469,551</u>

September 30, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$26,368	\$0	\$26,368
Bond Funds			
U.S. Short Term Government	325,559	0	325,559
U.S. Intermediate Government	105,772	0	105,772
U.S. Intermediate Core Plus	54,396	0	54,396
Equity Funds:			
Foreign Large Value	24,121	0	24,121
Bonds:			
Foreign Corporate	0	0	0
U.S. Corporate	0	257,714	257,714
U.S. Municipal	0	104,029	104,029
U.S. Treasury	0	202,292	202,292
Equities:			
U.S. Common Stock	656,558	0	656,558
Foreign Common Stock	511,118	0	511,118
Exchange Traded Funds	137,239	0	137,239
Real Estate Investment Trust	<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>

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 on investments consists of the following:

	<u>9/30/21</u>	<u>9/30/20</u>
Realized gains	\$168,386	\$3,597
Unrealized gain	242,951	115,644
Investment fees	<u>(28,615)</u>	<u>(32,361)</u>
Total	<u>\$382,722</u>	<u>\$86,880</u>

**Note 4. Contributions Receivable**

Contributions receivable are due in the following periods:

	<u>9/30/21</u>	<u>9/30/20</u>
Within one year	\$507,198	\$1,086,483
Within two years	<u>0</u>	<u>250,000</u>
Total contributions	507,198	1,336,483
Less: discount to fair value at 1%	<u>0</u>	<u>(5,000)</u>
Total Contributions receivable, net	<u>\$507,198</u>	<u>\$1,331,483</u>

**Note 5. Fixed Assets**

Fixed assets consist of the following:

	<u>9/30/21</u>	<u>9/30/20</u>
Furniture and fixtures	\$3,576	\$17,576
Office equipment	154,994	154,994
Leasehold improvements	<u>0</u>	<u>186,878</u>
	158,570	359,448
Less: accumulated depreciation	<u>(144,158)</u>	<u>(238,400)</u>
Total fixed assets, net	<u>\$14,412</u>	<u>\$121,048</u>

**Note 6. Deferred Compensation 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. All contributions to the plan are employer contributions. The Board of Directors approved annual contributions of \$18,500 until retirement of the Executive Director or the board approves to reduce or eliminate annual contributions to the fund.

The fund balance consists of the following:

	<u>9/30/21</u>	<u>9/30/20</u>
Cash	\$28,313	\$37,404
Exchange traded funds	<u>26,849</u>	<u>0</u>
Total	<u>\$ 55,162</u>	<u>\$37,404</u>

Cash and cash equivalents and exchange traded funds are considered level 1 on the fair value hierarchy.

**Note 7. Paycheck Protection Program Loan**

On April 30, 2020, MADRE obtained a loan from the Small Business Administration ("SBA") in the amount of \$420,293 through the Paycheck Protection Program ("PPP"). Terms of the loan indicated that if certain conditions were met, which included maintaining average work forces during periods subsequent to receipt of the loan funds that were greater than pre-determined historical periods, that the loan, or a portion thereof, would be forgiven. Portions that were not forgiven would be payable over a two-year period, with a ten-month deferral of payments and interest would accrue at 1%. MADRE accounts for the PPP loan as a conditional contribution in accordance with FASB ASC 958-605. The conditions for forgiveness on this loan were met during the year ended September 30, 2021 and the full amount was recognized as revenue during the year then ended. Forgiveness was approved by the SBA in December 2021.

On March 17, 2021, MADRE obtained a second PPP loan from the SBA in the amount of \$544,455. Portions that are not forgiven will be payable over a five-year period, with a ten-month deferral of payments and interest will accrue at 0.98%. All other terms remain the same as the first loan. The loan forgiveness amount has not been determined as of the date of these financial statements. MADRE will account for the second PPP loan similar to the first loan.

**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 4% 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, 2021</u>			
	<u>Balance</u> <u>10/1/20</u>	<u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>9/30/21</u>
Program restrictions:				
Afghanistan projects	\$50	\$1,457,135	(\$97,573)	\$1,359,612
Bahamas projects	10,000	0	(10,000)	0
Dominican Republic projects	0	20,000	(125)	19,875
Haiti projects	0	63,745	0	63,745
Nicaragua projects	11,657	300	(11,957)	0
Lebanon projects	112,012	0	(51,814)	60,198
Palestine projects	31,021	4,195	(23,488)	11,728
Syria projects	11,667	31,172	0	42,839
Venezuela projects	0	101,803	0	101,803
Yemen projects	0	100,000	(48,751)	51,249
Emergency funds	247,970	427,480	(119,063)	556,387
Other programs and initiatives	554	148,531	(62,809)	86,276
Feminist Foreign Policy Jumpstart	2,000	100,000	(52,000)	50,000
No Borders on Gender Justice	55,619	0	(55,619)	0
Adolescent Girls Fund	0	1,702,926	(91,549)	1,611,377
Ending Gender Violence	1,408,807	105,000	(909,980)	603,827
Building a Just Peace	39,412	0	(35,219)	4,193
Advancing Climate Justice	<u>347,217</u>	<u>61,925</u>	<u>(219,038)</u>	<u>190,104</u>
Total program restrictions	2,277,986	4,324,212	(1,788,985)	4,813,213
Time restricted	<u>1,236,600</u>	<u>0</u>	<u>(1,219,100)</u>	<u>17,500</u>
Total	<u>\$3,514,586</u>	<u>\$4,324,212</u>	<u>(\$3,008,085)</u>	<u>\$4,830,713</u>

September 30, 2020

	<u>Balance</u> <u>10/1/19</u>	<u>Contributions</u>	Released from <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	<u>497,080</u>	<u>325,000</u>	<u>(474,863)</u>	<u>347,217</u>
Total program restrictions	7,129,589	1,489,082	(6,340,685)	2,277,986
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>

**Note 10. Commitments**

MADRE had an operating lease for office space which was set to expire in March 2025. During the year ended September 30, 2021, 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, which is included in occupancy and space rental expense.

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 \$590,000 and \$361,000 for the years ended September 30, 2021 and 2020, respectively.

Minimum lease payments are summarized as follows:

Year ending:	September 30, 2022	\$113,477
	September 30, 2023	123,189
	September 30, 2024	<u>20,894</u>
Total		<u>\$257,560</u>



**Note 11. In-Kind Contributions**

The following summarizes in-kind contributions:

	<u>9/30/21</u>	<u>9/30/20</u>
Humanitarian aid	\$1,034,744	\$50,431
Legal	53,000	20,000
Consultant – communication	<u>0</u>	<u>1,000</u>
Total	<u>\$1,087,744</u>	<u>\$71,431</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 years ended September 30, 2021 and September 30, 2020, all in-kind services and donated materials were allocated to program services 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 \$59,340 and \$41,255 to the 401(k) plan during the years ended September 30, 2021 and 2020, respectively.

**Note 13. Availability and Liquidity**

The following reflects MADRE's financial assets at September 30, 2021 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$10,085,666	
Investments	3,469,551	
Grants receivable	102,373	
Contributions receivable	<u>507,198</u>	
Total financial assets		\$14,164,788

Less contributions with purpose  
restrictions not available within one year (4,813,213)

Financial assets available to meet cash needs  
for general expenditures within one year \$9,351,575

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, 2021, there are no other internal or external limits imposed on MADRE's financial assets.

**Note 14. Subsequent Events**

Subsequent events have been evaluated through March 25, 2022, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.

**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. As of the date of these financial statements, many of the travel restrictions and stay at home orders have been lifted; however, supply chains remain impacted. Management continues to monitor the outbreak; however, as of the date of these financial statements, the potential impact cannot be quantified.