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MADRE



Audited Financial Statements
September 30, 2022

Independent Auditor's Report

To the Board of Directors of
MADRE, Inc.

Opinion

We have audited the accompanying financial statements of MADRE, Inc. ("MADRE"), which comprise the statement of financial position as of September 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of MADRE as of September 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MADRE and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MADRE's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control of MADRE. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of MADRE to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of MADRE as of and for the year ended September 30, 2021, were audited by other auditors whose report dated March 25, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects with the audited financial statements for which it was derived.

New York, NY
March 29, 2023

A handwritten signature in blue ink that reads "Saxe CPAs LLP". The signature is written in a cursive, flowing style.

MADRE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2022
(With comparative totals as of September 30, 2021)

	<u>9/30/22</u>	<u>9/30/21</u>
Assets		
Cash and cash equivalents	\$23,297,563	\$10,085,666
Investments (Note 3)	3,152,519	3,469,551
Grants receivable	1,766,265	102,373
Contributions receivable, net (Note 4)	2,501,475	507,198
Prepaid expenses and other assets	211,292	91,687
Prepaid grant advances	3,361,346	1,148,579
Fixed assets, net (Note 5)	3,332	14,412
Security deposit	19,424	19,424
Deferred compensation investments (Note 6)	70,945	55,162
	<u>\$34,384,161</u>	<u>\$15,494,052</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$327,222	\$170,836
Paycheck Protection Program loan (Note 7)	0	544,455
Grant advance	17,627	0
Agency funds payable - Due to other projects (Note 8)	70,372	16,002
Deferred rent	12,534	13,254
Deferred compensation obligation (Note 6)	70,945	55,162
	<u>498,700</u>	<u>799,709</u>
Net assets:		
Without donor restrictions:		
Operations	2,391,349	9,863,630
Board designated (Note 2b):		
Operating reserve	5,000,000	0
Project fund	18,000,000	0
Total net assets without donor restrictions	<u>25,391,349</u>	<u>9,863,630</u>
With donor restrictions (Note 9)	<u>8,494,112</u>	<u>4,830,713</u>
Total net assets	<u>33,885,461</u>	<u>14,694,343</u>
Total liabilities and net assets	<u>\$34,384,161</u>	<u>\$15,494,052</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, 2022

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 9/30/22</u>	<u>Total 9/30/21</u>
Operating:				
Public support and revenue:				
Public support:				
Contributions	\$18,089,079	\$7,653,645	\$25,742,724	\$7,724,782
Grants	553,771	3,038,058	3,591,829	654,863
In-kind contributions (Note 11)	722,667		722,667	1,087,744
Paycheck Protection Program grant (Note 7)	544,455		544,455	420,293
Total public support	<u>19,909,972</u>	<u>10,691,703</u>	<u>30,601,675</u>	<u>9,887,682</u>
Revenue:				
Interest and dividend income	57,300		57,300	36,732
Fiscal sponsor fee income	25,387		25,387	24,459
Other	4,729		4,729	13,696
Total revenue	<u>87,416</u>	<u>0</u>	<u>87,416</u>	<u>74,887</u>
Net assets released from restrictions (Note 9)	<u>7,028,304</u>	<u>(7,028,304)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>27,025,692</u>	<u>3,663,399</u>	<u>30,689,091</u>	<u>9,962,569</u>
Expenses:				
Program services	<u>8,552,102</u>		<u>8,552,102</u>	<u>7,267,249</u>
Supporting services:				
Management and general	1,366,075		1,366,075	946,780
Fundraising	820,210		820,210	784,211
Total supporting services	<u>2,186,285</u>	<u>0</u>	<u>2,186,285</u>	<u>1,730,991</u>
Total expenses	<u>10,738,387</u>	<u>0</u>	<u>10,738,387</u>	<u>8,998,240</u>
Change in net assets from operations	16,287,305	3,663,399	19,950,704	964,329
Non-operating activity:				
Investment return (Note 3)	(615,541)		(615,541)	382,722
Foreign currency (loss)/gain	(144,045)		(144,045)	44,900
Loss on disposal of fixed assets			0	(79,423)
Total non-operating activity	<u>(759,586)</u>	<u>0</u>	<u>(759,586)</u>	<u>348,199</u>
Change in net assets	15,527,719	3,663,399	19,191,118	1,312,528
Net assets - beginning of year	<u>9,863,630</u>	<u>4,830,713</u>	<u>14,694,343</u>	<u>13,381,815</u>
Net assets - end of year	<u>\$25,391,349</u>	<u>\$8,494,112</u>	<u>\$33,885,461</u>	<u>\$14,694,343</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, 2022
(With comparative totals for the year ended September 30, 2021)

	Supporting Services			Total Supporting Services	Total Expenses 9/30/22	Total Expenses 9/30/21
	Program Services	Management and General	Fundraising			
Salaries and wages	\$2,031,277	\$133,188	\$292,358	\$425,546	\$2,456,823	\$2,270,434
Payroll taxes and benefits	630,130	41,167	90,113	131,280	761,410	795,266
Total personnel services	<u>2,661,407</u>	<u>174,355</u>	<u>382,471</u>	<u>556,826</u>	<u>3,218,233</u>	<u>3,065,700</u>
In-kind humanitarian aid (Note 11)	678,667			0	678,667	1,034,744
Grant expenses	3,226,406			0	3,226,406	2,435,839
Professional fees (including in-kind) (Note 11)	1,357,876	1,115,454	24,145	1,139,599	2,497,475	1,323,148
Postage and mailings	14,795	4,083	41,945	46,028	60,823	36,372
Occupancy and space rental	114,663	6,943	15,243	22,186	136,849	590,449
Direct mail processing			132,953	132,953	132,953	108,837
Travel	229,669			0	229,669	44,216
Printing, design and publications	1,800	84	158,499	158,583	160,383	96,572
IT services and maintenance	50,387	3,304	7,252	10,556	60,943	36,155
Bank and credit card charges		32,274	22,720	54,994	54,994	52,803
Conferences	21,924	611	1,341	1,952	23,876	10,623
Telephone and communications	76,379	5,008	10,993	16,001	92,380	25,338
Equipment rental, repairs and maintenance	29,217	1,904	4,178	6,082	35,299	23,199
Office supplies and expenses	28,645	1,878	4,123	6,001	34,646	23,077
Miscellaneous	43,173	15,810	11,887	27,697	70,870	40,185
Insurance	7,933	3,767	1,141	4,908	12,841	23,770
Depreciation	9,161	600	1,319	1,919	11,080	27,213
Total expenses	<u>\$8,552,102</u>	<u>\$1,366,075</u>	<u>\$820,210</u>	<u>\$2,186,285</u>	<u>\$10,738,387</u>	<u>\$8,998,240</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, 2022
(With comparative totals for the year ended September 30, 2021)

	<u>9/30/22</u>	<u>9/30/21</u>
Cash flows from operating activities:		
Change in net assets	\$19,191,118	\$1,312,528
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	11,080	27,213
Loss on disposal of fixed assets	0	79,423
Investment return	579,115	(411,337)
Donated securities	(108,921)	(408,521)
Paycheck Protection Program loan forgiveness	(544,455)	(420,293)
Changes in assets and liabilities:		
Grants receivable	(1,663,892)	516,917
Contributions receivable	(1,994,277)	824,285
Prepaid expenses and other assets	(119,605)	(11,182)
Prepaid grant advances	(2,212,767)	(149,684)
Security deposit	0	24,470
Accounts payable and accrued expenses	156,386	(42,243)
Paycheck Protection Program loan	0	544,455
Grant advance	17,627	0
Agency funds payable - Due to other projects	54,370	726
Deferred rent	(720)	(110,332)
Total adjustments	<u>(5,826,059)</u>	<u>463,897</u>
Net cash provided by operating activities	<u>13,365,059</u>	<u>1,776,425</u>
Cash flows from investing activities:		
Purchases of fixed assets	0	0
Purchases of investments (including reinvestments of interest income)	(666,412)	(2,151,277)
Proceeds from sale of investments	513,250	1,929,608
Net cash used for investing activities	<u>(153,162)</u>	<u>(221,669)</u>
Net increase in cash and cash equivalents	13,211,897	1,554,756
Cash and cash equivalents - beginning of year	<u>10,085,666</u>	<u>8,530,910</u>
Cash and cash equivalents - end of year	<u>\$23,297,563</u>	<u>\$10,085,666</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, 2022

Note 1. 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. On September 30, 2022, the board established an operating reserve in the amount of \$5,000,000 and a project fund in the amount of \$18,000,000. The operating reserve has been established to ensure the long-term financial stability of the organization, bridge unexpected funding gaps to ensure programmatic and operational priorities are uninterrupted, and to fund unanticipated and major challenges. The project fund has been established to create special opportunities, investments in infrastructure and funding gaps while new funds are secured. Withdrawal of these funds requires board approval. During the year ended September 30, 2022, these funds were held in cash accounts until an investment strategy is established.
- *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 FASB 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, which 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. There were no conditional pledges at September 30, 2022 or 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 of timing of future payments on contributions receivable.

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, 2022 and 2021.

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

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 Federal Deposit Insurance Corporation (“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.

Two foundations had receivable balances that consisted of 71% and 60% of contributions receivable as of September 30, 2022 and 2021, respectively. One grantor had a receivable balance that consisted of 94% and 72% of grants receivable at September 30, 2022 and 2021, respectively.

In addition, approximately 10% of total public support and revenue was received from one grantor during the year ended September 30, 2022. This grantor did not award any funds during the year ended September 30, 2021. Approximately 61% of total public support and revenue was received from two donors during the year ended September 30, 2022. Approximately 18% of total public support and revenue was received from one foundation during the year ended September 30, 2021.

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

Purchases of fixed assets, which consists of furniture and office equipment, that are equal to or exceed \$3,000 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. Ten volunteers spent over 3,200 hours during the year ended September 30, 2022. Seventeen volunteers spent over 4,000 hours during the year ended September 30, 2021. 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 support services.

Advertising Costs

n. Advertising costs are expensed as incurred.

o. 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, 2021, from which the summarized information was derived.

p. 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, 2019 and later are subject to examination by applicable taxing authorities.

q. New Accounting Pronouncement

FASB issued Accounting Standards Update ("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 this standard will have on future financial statements.

Note 3. Investments

The following summarizes the composition of investments:

	<u>September 30, 2022</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$40,935	\$0	\$40,935
Bond Funds			
U.S. Short Term Government	466,162	0	466,162
U.S. Intermediate Government	124,702	0	124,702
U.S. Intermediate Core Plus	65,457	0	65,457
Equity Funds:			
U.S. Large Blend	809,033	0	809,033
Bonds:			
U.S. Corporate	0	250,634	250,634
U.S. Municipal	0	116,799	116,799
U.S. Treasury	0	227,282	227,282
Equities:			
U.S. Common Stock	562,922	0	562,922
Foreign Common Stock	97,600	0	97,600
Real Estate Investment Trust	27,588	0	27,588
Exchange Traded Funds	<u>363,405</u>	<u>0</u>	<u>363,405</u>
Total	<u>\$2,557,804</u>	<u>\$594,715</u>	<u>\$3,152,519</u>

	<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>

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.

Investment return consists of the following:

	<u>9/30/22</u>	<u>9/30/21</u>
Realized gains	\$90,612	\$168,386
Unrealized (loss)/gain	(669,727)	242,951
Investment fees	<u>(36,426)</u>	<u>(28,615)</u>
Total	<u>(\$615,541)</u>	<u>\$382,722</u>

Note 4. Contributions Receivable

Contributions receivable are due in the following periods:

	<u>9/30/22</u>	<u>9/30/21</u>
Within one year	\$1,530,907	\$507,198
Within two years	810,568	
Within three years	<u>250,000</u>	<u>0</u>
Total contributions	2,591,475	507,198
Less: discount to fair value at 4.05%	<u>(90,000)</u>	<u>0</u>
Total Contributions receivable, net	<u>\$2,501,475</u>	<u>\$507,198</u>

Note 5. Fixed Assets

Fixed assets consist of the following:

	<u>9/30/22</u>	<u>9/30/21</u>
Furniture and fixtures	\$3,576	\$3,576
Office equipment	<u>154,994</u>	<u>154,994</u>
	158,570	158,570
Less: accumulated depreciation	<u>(155,238)</u>	<u>(144,158)</u>
Total fixed assets, net	<u>\$3,332</u>	<u>\$14,412</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 \$26,000 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>9/30/22</u>	<u>9/30/21</u>
Cash	\$24,492	\$28,313
Exchange traded funds	<u>46,453</u>	<u>26,849</u>
Total	<u>\$70,945</u>	<u>\$55,162</u>

Cash 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 were not forgiven would be payable over a five-year period, with a ten-month deferral of payments and interest would accrue at 0.98%. All other terms remain the same as the first loan. The conditions for forgiveness on this loan were met during the year ended September 30, 2022 and the full amount was recognized as revenue during the year then ended. Forgiveness was approved by the SBA in July 2022.

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, 2022</u>			
	<u>Balance</u>		<u>Released</u>	<u>Balance</u>
	<u>10/1/21</u>	<u>Contributions</u>	<u>from</u>	<u>9/30/22</u>
			<u>Restrictions</u>	
Program restrictions:				
Afghanistan projects	\$1,359,612	\$1,463,892	(\$1,061,952)	\$1,761,552
Dominican Republic projects	19,875	0	(12,625)	7,250
Haiti projects	63,745	25,000	(62,071)	26,674
Lebanon projects	60,198	0	(60,198)	0
Palestine projects	11,728	0	0	11,728
Syria projects	42,839	11,538	(40,005)	14,372
Ukraine projects	0	2,080,000	(893,056)	1,186,944
Venezuela projects	101,803	0	0	101,803
Yemen projects	51,249	0	(6,920)	44,329
Emergency funds	556,387	229,183	(2,974)	782,596
Other programs and initiatives	86,276	138,082	(120,381)	103,977
Feminist Foreign Policy				
Jumpstart	50,000	50,000	(0)	100,000
Adolescent Girls Fund	1,611,377	0	(1,479,534)	131,843
Ending Gender Violence	603,827	1,916,750	(693,978)	1,826,599
Building a Just Peace	4,193	500,000	(250,000)	254,193
Advancing Climate Justice	<u>190,104</u>	<u>1,237,290</u>	<u>(924,929)</u>	<u>502,465</u>
Total program restrictions	4,813,213	7,651,735	(5,608,623)	6,856,325
Time restricted	<u>17,500</u>	<u>3,039,968</u>	<u>(1,419,681)</u>	<u>1,637,787</u>
Total	<u>\$4,830,713</u>	<u>\$10,691,703</u>	<u>(\$7,028,304)</u>	<u>\$8,494,112</u>

September 30, 2021

	<u>Balance</u> <u>10/1/20</u>	<u>Contributions</u>	Released from <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>

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 commenced December 2018 and expires November 2023.

Minimum lease payments are summarized as follows:

Year ending:	September 30, 2023	\$123,189
	September 30, 2024	<u>20,894</u>
Total		<u>\$144,083</u>

Note 11. In-Kind Contributions

The following summarizes in-kind contributions:

	<u>9/30/22</u>	<u>9/30/21</u>
Humanitarian aid – medical supplies	\$678,667	\$1,034,744
Legal	<u>44,000</u>	<u>53,000</u>
Total	<u>\$722,667</u>	<u>\$1,087,744</u>

Effective January 1, 2022, MADRE adopted the requirements of FASB ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. 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 qualitative and quantitative disclosures. Adoption of the standard did not have a material impact on MADRE's financial statements.

Donated materials and in-kind services are recorded at fair value. Donated non-cash assets that are used for humanitarian purposes for those in need in foreign countries consist of medical supplies and are calculated based on estimates of retail values that would be received for selling similar products.

Donated legal services are valued at the estimated fair value based on current standard hourly rates for similar legal services. 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, 2022 and September 30, 2021, all in-kind services and donated materials were recorded under 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 \$72,213 and \$59,340 to the 401(k) plan during the years ended September 30, 2022 and 2021, respectively.

Note 13. Availability and Liquidity

The following reflects MADRE's financial assets at September 30, 2022 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:		
Cash and cash equivalents	\$23,297,563	
Investments	3,152,519	
Grants receivable	1,766,265	
Contributions receivable	<u>2,501,475</u>	
Total financial assets		\$30,717,822
Less amounts not available for general expenditures		
Board designated – operating reserve	(\$5,000,000)	
Board designated – project fund	(18,000,000)	
Contributions with donor restrictions not available within one year	<u>(7,717,822)</u>	
Total amounts not available for general expenditures		<u>(\$30,717,822)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u><u>\$0</u></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 mentioned in Note 2b, on September 30, 2022, the board established an operating reserve and a project fund that are to be held and used for specific purposes. These funds are only available upon board approval. 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 29, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.