

MADRE



Audited Financial Statements
September 30, 2019

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, 2019, 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 organization'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 organization'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, 2019, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, MADRE adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited MADRE’s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2018 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, 2020

MADRE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2019
(With comparative totals as of September 30, 2018)

	9/30/19	9/30/18
Assets		
Cash and cash equivalents	\$4,774,470	\$3,702,537
Investments (Note 3)	2,744,027	2,481,233
Grants receivable, net (Note 4)	1,672,341	65,446
Contributions receivable, net (Note 5)	4,557,816	6,494,160
Prepaid expenses and other assets	912,646	333,641
Fixed assets, net (Note 6)	154,405	139,108
Security deposit	43,894	24,470
Deferred compensation investments (Note 7)	18,500	0
	\$14,878,099	\$13,240,595
Total assets	\$14,878,099	\$13,240,595
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$180,675	\$141,961
Grant advance	0	261,765
Agency funds payable - Due to other projects (Note 8)	14,516	3,094
Deferred rent	130,910	105,971
Deferred compensation obligation (Note 7)	18,500	0
	344,601	512,791
Total liabilities	344,601	512,791
Net assets:		
Without donor restrictions	4,018,709	3,540,140
With donor restrictions (Note 9)	10,514,789	9,187,664
	14,533,498	12,727,804
Total net assets	14,533,498	12,727,804
Total liabilities and net assets	\$14,878,099	\$13,240,595

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, 2019
(With comparative totals for the year ended September 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 9/30/19</u>	<u>Total 9/30/18</u>
Operating:				
Public support and revenue:				
Public support:				
Contributions	\$1,605,092	\$2,775,960	\$4,381,052	\$7,733,618
Grants	265,641	3,320,300	3,585,941	515,579
In-kind contributions (Note 11)	940,409		940,409	1,278,047
Total public support	<u>2,811,142</u>	<u>6,096,260</u>	<u>8,907,402</u>	<u>9,527,244</u>
Revenue:				
Interest and investment income	68,192		68,192	69,571
Fiscal sponsor fee income	22,878		22,878	20,587
Miscellaneous	3,572		3,572	242
Total revenue	<u>94,642</u>	<u>0</u>	<u>94,642</u>	<u>90,400</u>
Net assets released from restrictions (Note 9)	<u>4,769,135</u>	<u>(4,769,135)</u>	<u>0</u>	<u>0</u>
Total public support and revenue	<u>7,674,919</u>	<u>1,327,125</u>	<u>9,002,044</u>	<u>9,617,644</u>
Expenses:				
Program services	<u>5,802,282</u>		<u>5,802,282</u>	<u>4,221,131</u>
Supporting services:				
Management and general	733,649		733,649	539,926
Fundraising	576,693		576,693	462,852
Total supporting services	<u>1,310,342</u>	<u>0</u>	<u>1,310,342</u>	<u>1,002,778</u>
Total expenses	<u>7,112,624</u>	<u>0</u>	<u>7,112,624</u>	<u>5,223,909</u>
Change in net assets from operations	562,295	1,327,125	1,889,420	4,393,735
Non-operating activity:				
Net loss on investments (Note 3)	(934)		(934)	(2,954)
Foreign currency loss	(82,792)		(82,792)	0
Total non-operating activity	<u>(83,726)</u>	<u>0</u>	<u>(83,726)</u>	<u>(2,954)</u>
Change in net assets	478,569	1,327,125	1,805,694	4,390,781
Net assets - beginning of year	<u>3,540,140</u>	<u>9,187,664</u>	<u>12,727,804</u>	<u>8,337,023</u>
Net assets - end of year	<u>\$4,018,709</u>	<u>\$10,514,789</u>	<u>\$14,533,498</u>	<u>\$12,727,804</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, 2019
(With comparative totals for the year ended September 30, 2018)

	Supporting Services			Total Supporting Services	Total Expenses 9/30/19	Total Expenses 9/30/18
	Program Services	Management and General	Fundraising			
Salaries and wages	\$1,324,627	\$141,940	\$191,938	\$333,878	\$1,658,505	\$1,290,931
Payroll taxes and benefits	451,039	47,570	64,928	112,498	563,537	369,124
Total personnel services	<u>1,775,666</u>	<u>189,510</u>	<u>256,866</u>	<u>446,376</u>	<u>2,222,042</u>	<u>1,660,055</u>
In-kind humanitarian aid (Note 11)	925,239				925,239	1,216,364
Grant expenses	1,598,642				1,598,642	678,432
Professional fees (including in-kind) (Note 11)	493,717	464,804	25,140	489,944	983,661	681,470
Postage and mailings	17,128	12,457	29,737	42,194	59,322	44,559
Occupancy and space rental	270,152	28,947	39,145	68,092	338,244	238,154
Direct mail processing	77,794		33,340	33,340	111,134	76,259
Travel	311,441			0	311,441	276,493
Printing, design and publications	23,931	113	139,234	139,347	163,278	94,670
IT services and maintenance	70,753	7,582	10,252	17,834	88,587	28,262
Bank and credit card charges		8,289	10,017	18,306	18,306	15,193
Conferences	46,566	2,870	3,881	6,751	53,317	37,182
Telephone and communications	25,702	2,755	3,724	6,479	32,181	36,226
Equipment rental, repairs and maintenance	33,807	2,556	3,455	6,011	39,818	20,598
Office supplies and expenses	43,006	4,609	6,231	10,840	53,846	44,745
Miscellaneous	27,561	2,602	6,805	9,407	36,968	23,048
Insurance	23,383	2,505	3,389	5,894	29,277	17,049
Depreciation	37,794	4,050	5,477	9,527	47,321	35,150
Total	<u><u>\$5,802,282</u></u>	<u><u>\$733,649</u></u>	<u><u>\$576,693</u></u>	<u><u>\$1,310,342</u></u>	<u><u>\$7,112,624</u></u>	<u><u>\$5,223,909</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, 2019
(With comparative totals for the year ended September 30, 2018)

	9/30/19	9/30/18
Cash flows from operating activities:		
Change in net assets	\$1,805,694	\$4,390,781
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,321	35,150
Net loss on investments	934	2,954
Donated securities	(196,489)	(54,676)
Changes in assets and liabilities:		
Grants receivable	(1,606,895)	35,403
Contributions receivable	1,936,344	(2,039,030)
Prepaid expenses and other assets	(579,005)	(213,280)
Security deposit	(19,424)	0
Accounts payable and accrued expenses	38,714	50,137
Grant advance	(261,765)	181,970
Agency funds payable - Due to other projects	11,422	(3,093)
Deferred rent	24,939	8,787
Total adjustments	(603,904)	(1,995,678)
Net cash provided by operating activities	1,201,790	2,395,103
Cash flows from investing activities:		
Purchases of fixed assets	(62,618)	(15,378)
Purchases of investments (including reinvestments of interest income)	(846,410)	(1,212,749)
Proceeds from sale of investments	779,171	1,143,209
Net cash used for investing activities	(129,857)	(84,918)
Net increase in cash and cash equivalents	1,071,933	2,310,185
Cash and cash equivalents - beginning of year	3,702,537	1,392,352
Cash and cash equivalents - end of year	\$4,774,470	\$3,702,537
Supplemental information:		
Interest and taxes paid	\$0	\$0

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

MADRE, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

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, 2018, MADRE adopted the requirements of the Financial Accounting Standards Board’s (“FASB”) Accounting Standards Update (“ASU”) No. 2016-14 – *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016- 14). This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 13). Amounts previously reported as investment expense on the statement of functional expenses are now included in investment return on the statement of activities. The changes required by the update have been applied retrospectively to all periods presented.

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

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

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. Conditional contributions received are recognized as income when the conditions have been substantially met.

MADRE receives government and other grants. All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

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 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 obligation
- 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 Concentration

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 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, 2019 approximately 56% of public support was received from contributions from one foundation and one government grant. During the year ending September 30, 2018 approximately 61% of public support was received from contributions from one foundation.

In addition, one foundation had a receivable balance that consisted of 69% and 94% of contributions receivable as of September 30, 2019 and 2018, respectively. As of September 30, 2019, one government agency had a receivable balance that consisted of 99% of grants receivable. There were no material concentrations in grants receivable as of September 30, 2018. Any reduction in future support could have a material effect on MADRE's programs.

h. Contributions Receivable and Grants Receivable

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.

i. Allowance for Doubtful Accounts

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, 2019 and 2018.

j. 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.

k. 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.

l. 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.

m. 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. Fifteen volunteers spent over 2,500 hours during the year ended September 30, 2019. Twelve volunteers spent over 2,700 hours during the year ended September 30, 2018. These services have not been recorded in the financial statements as they do not meet the criteria outlined above.

n. 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.

o. 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
- Occupancy and space rental
- IT services and maintenance
- Telephone and communications
- Equipment rental, repairs and maintenance
- Office supplies and expenses
- Miscellaneous
- Insurance

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

p. 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, 2018, from which the summarized information was derived.

q. 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 December 31, 2016 and later are subject to examination by applicable taxing authorities.

r. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through March 25, 2020, the date the financial statements were available to be issued. No events 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.

s. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the September 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of *Topic 958, Not-for-Profit Entities*, or as exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the September 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

Lastly, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the September 30, 2021 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.

The Organization 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 at September 30, 2019:

	<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	131,009	0	131,009
Total	<u>\$2,211,381</u>	<u>\$532,646</u>	<u>\$2,744,027</u>

	<u>September 30, 2018</u>		
	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash	\$473,287	\$0	\$473,287
Bond Funds:			
US Short Term Government	200,678	0	200,678
Global Bond	99,802	0	99,802
Bonds:			
Foreign Corporate	0	9,932	9,932
US Corporate	0	177,344	177,344
US Municipal	0	147,855	147,855
US Treasury	0	163,400	163,400
Equities:			
US Common Stock	707,088	0	707,088
Foreign Common Stock	246,707	0	246,707
Foreign Preferred Stock	772	0	772
US Exchange Traded Funds	106,790	0	106,790
Real Estate Investment Trusts	147,578	0	147,578
Total	<u>\$1,982,702</u>	<u>\$498,531</u>	<u>\$2,481,233</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 loss on investments consist of the following:

	<u>9/30/19</u>	<u>9/30/18</u>
Realized gains	\$83,244	\$25,470
Unrealized losses	(60,486)	(6,537)
Investment fees	<u>(23,692)</u>	<u>(21,887)</u>
Total	<u>(\$934)</u>	<u>(\$2,954)</u>

Note 4. Grants Receivable

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

	<u>9/30/19</u>	<u>9/30/18</u>
Within one year	\$580,241	\$65,446
Two to five years	<u>1,114,100</u>	<u>0</u>
Total grants	1,694,341	65,446
Less: discount to fair value at 1%	<u>(22,000)</u>	<u>0</u>
Grants receivable, net	<u>\$1,672,341</u>	<u>\$65,446</u>

Note 5. Contributions Receivable

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

	<u>9/30/19</u>	<u>9/30/18</u>
Within one year	\$3,942,140	\$3,510,503
Two to five years	<u>627,676</u>	<u>3,308,657</u>
Total contributions	4,569,816	6,819,160
Less: discount to fair value (1% - 5.25%)	<u>(12,000)</u>	<u>(325,000)</u>
Contributions receivable, net	<u>\$4,557,816</u>	<u>\$6,494,160</u>

Note 6. Fixed Assets

Fixed assets consist of the following:

	<u>9/30/19</u>	<u>9/30/18</u>
Furniture and fixtures	\$17,576	\$14,000
Office equipment	142,998	83,956
Leasehold improvements	<u>186,878</u>	<u>186,878</u>
	347,452	284,834
Less: accumulated depreciation	<u>(193,047)</u>	<u>(145,726)</u>
Total fixed assets	<u>\$154,405</u>	<u>\$139,108</u>

Note 7. 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 \$18,500 at September 30, 2019. 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 plans 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 year ended September 30, 2019 a total of \$18,500 was contributed to the plan.

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, 2019</u>			
	<u>Balance</u> <u>10/1/18</u>	<u>Contributions</u>	<u>Released</u> <u>from</u> <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	938,858	218,000	(659,778)	497,080
Total program restrictions	<u>6,973,664</u>	<u>2,658,960</u>	<u>(2,503,035)</u>	<u>7,129,589</u>
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>

September 30, 2018

	<u>Balance</u> <u>10/1/17</u>	<u>Contributions</u>	Released from <u>Restrictions</u>	<u>Balance</u> <u>9/30/18</u>
Program restrictions:				
Colombia projects	\$513	\$1,403	(\$1,916)	\$0
Guatemala projects	4,748	0	0	4,748
Iraq projects	449,739	915	(418,126)	32,528
Nicaragua projects	86,859	1,299	(15,068)	73,090
Palestine projects	12,029	698,926	(4,184)	706,771
Syria projects	90,965	29,006	(15,060)	104,911
Emergency funds	117,569	11,515	(48,521)	80,563
Other programs and initiatives	2,800	89	(2,019)	870
No Borders on Gender Justice	75,000	20,100	(75,000)	20,100
Adolescent Girls Fund	0	4,974,595	(19,000)	4,955,595
Ending Gender Violence	56,215	15,500	(16,085)	55,630
Advancing Climate Justice	<u>1,425,000</u>	<u>124,000</u>	<u>(610,142)</u>	<u>938,858</u>
Total program restrictions	<u>2,321,437</u>	<u>5,877,348</u>	<u>(1,225,121)</u>	<u>6,973,664</u>
Time restricted	<u>2,960,000</u>	<u>384,000</u>	<u>(1,130,000)</u>	<u>2,214,000</u>
Total	<u>\$5,281,437</u>	<u>\$6,261,348</u>	<u>(\$2,355,121)</u>	<u>\$9,187,664</u>

Note 10. Commitments

MADRE has an operating lease for office space which expires in March 2025. 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 \$338,000 and \$238,000 for the years ended September 30, 2019 and 2018, respectively.

Minimum lease commitments, net of rental income, are summarized as follows:

Year ending:	September 30, 2020	\$341,129
	September 30, 2021	350,784
	September 30, 2022	352,379
	September 30, 2023	369,258
	September 30, 2024	274,345
	Thereafter	<u>128,598</u>
Total		<u>\$1,816,493</u>

Note 11. In-Kind Services and Donated Materials

The following summarizes in-kind services and donated materials, which have been charged to program services:

	<u>9/30/19</u>	<u>9/30/18</u>
Humanitarian aid	\$925,239	\$1,216,364
Legal	14,410	60,933
Consultant – design	<u>760</u>	<u>750</u>
Total	<u>\$940,409</u>	<u>\$1,278,047</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, 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. For the year ended September 30, 2018, 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 \$24,609 and \$15,212 to the 401(k) plan during the years ended September 30, 2019 and 2018, respectively.

Note 13. Availability and Liquidity

The following reflects MADRE's financial assets at September 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:

Cash and cash equivalents	\$4,774,470	
Investments	2,744,027	
Grants receivable, due within one year	580,241	
Contributions receivable, due within one year	<u>3,942,140</u>	
Total financial assets		\$12,040,878
Less contributions with purpose and time restrictions not available within one year		<u>(8,443,013)</u>
Financial assets available to meet cash needs for general expenditures within one year		<u>\$3,597,865</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, 2019, there are no other internal or external limits imposed on the MADRE's financial assets.