

MOMMA'S, INC
FINANCIAL STATEMENTS
DECEMBER 31, 2017

Contents

	<u>Page</u>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to Financial Statements	7-11

Stewart Gelman & Associates

Certified Public Accountants, P.C.

369 East Main Street, Suite 8, East Islip, New York 11730

Tel: (631) 224-3790 • Fax: (631) 224-3797

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

We have audited the accompanying statement of financial position of Momma's, Inc. (a non-profit organization) as of December 31, 2017 and the related statements of activities, functional expenses and cash flows for the year then ended. The prior year summarized comparative information has been derived from Momma's, Inc. December 31, 2016 financial statements and in our report dated May 18, 2017 we expressed an unqualified opinion.

Managements Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 have 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, I 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 Momma's, Inc. as of December 31, 2017, 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.

Stewart Gelman & Associates, CPAs, P.C.

Stewart Gelman & Associates, CPAs, P.C.

East Islip, New York

May 14, 2018

MOMMA'S INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

Page 3

<u>ASSETS</u>	<u>2017</u>	<u>2016</u>
Current Assets		
Cash	\$ 216,544	\$ 578,229
Investments	51,957	55,707
Accounts receivable	115,080	62,364
Grants/contracts receivable	86,264	77,381
Promises to give, net	<u>-</u>	<u>9,000</u>
Total Current Assets	<u>469,845</u>	<u>782,681</u>
Fixed Assets		
Property and equipment, net	475,097	191,420
Other Assets		
Security deposits	11,000	11,000
Other deposits	<u>-</u>	<u>27,000</u>
Total Other Assets	<u>11,000</u>	<u>38,000</u>
Total Assets	<u>\$ 955,942</u>	<u>\$ 1,012,101</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 5,067	\$ 8,618
Long Term Liabilities		
Resident savings and security payable	<u>5,144</u>	<u>5,954</u>
Total Liabilities	<u>10,211</u>	<u>14,572</u>
Net Assets		
Unrestricted	746,281	756,822
Temporarily restricted	<u>199,450</u>	<u>240,707</u>
Total Net Assets	<u>945,731</u>	<u>997,529</u>
Total Liabilities and Net Assets	<u>\$ 955,942</u>	<u>\$ 1,012,101</u>

See Accountant's audit report and notes to the financial statements

Stewart Gelman & Associates • Certified Public Accountants, P.C.

MOMMA'S INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

Page 4

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>COMBINED TOTAL</u>	
			<u>2017</u>	<u>2016</u>
Operating Support and Revenue:				
Contributions and private grants	\$ 192,811	\$ -	\$ 192,811	\$ 181,327
Government grants/contracts revenue	27,650	144,885	172,535	155,729
Contributed materials	49,343	-	49,343	42,610
Fundraising events, gross proceeds	143,946			
Less: Direct costs	<u>(40,336)</u>	-	103,610	90,150
Program service revenue	234,944	-	234,944	238,047
Dividend and interest income	1,567	-	1,567	2,452
Miscellaneous income	-	-	-	7,225
Net assets released from restrictions	<u>186,142</u>	<u>(186,142)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>796,067</u>	<u>(41,257)</u>	<u>754,810</u>	<u>717,540</u>
Operating Expenses:				
Program services	630,440	-	630,440	601,465
Support services				
Management and general	149,709	-	149,709	142,790
Fundraising	<u>32,134</u>	<u>-</u>	<u>32,134</u>	<u>34,442</u>
Total Support Services	<u>181,843</u>	<u>-</u>	<u>181,843</u>	<u>177,232</u>
Total Operating Expenses	<u>812,283</u>	<u>-</u>	<u>812,283</u>	<u>778,697</u>
Increase/ (Decrease) in Net Assets before other items	(16,216)	(41,257)	(57,473)	(61,157)
Other Items				
Unrealized gain on securities	<u>5,675</u>	<u>-</u>	<u>5,675</u>	<u>6,324</u>
(Decrease) in Net Assets	<u>(10,541)</u>	<u>(41,257)</u>	<u>(51,798)</u>	<u>(54,833)</u>
Net assets at beginning of year	<u>756,822</u>	<u>240,707</u>	<u>997,529</u>	<u>1,052,362</u>
Net assets at end of year	<u>\$ 746,281</u>	<u>\$ 199,450</u>	<u>\$ 945,731</u>	<u>\$ 997,529</u>

See Accountant's audit report and notes to the financial statements

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MOMMA'S, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH COMPARATIVE TOTALS FOR 2016)

Page 5

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
(Decrease) in net assets	\$ (51,798)	\$ (54,833)
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	9,210	9,298
Unrealized (gain)/loss on investments	(5,834)	(6,324)
(Increase)/decrease in operating assets:		
Accounts receivables	(52,716)	(26,224)
Grants receivable	(8,883)	24,151
Net promises to give	9,000	13,400
Increase/(decrease) in operating liabilities:		
Accounts payable & accrued expenses	(3,551)	1,774
Residents' savings and security payable	(810)	(4,919)
NET CASH (USED) BY OPERATING ACTIVITIES	(105,382)	(43,677)
CASH FLOWS FROM INVESTING ACTIVITIES		
Building improvements	(5,400)	-
Deposit on building purchase	27,000	(27,000)
Building purchase	(287,487)	-
Securities sold	10,000	180,000
Reinvested dividends	(416)	(577)
NET CASH PROVIDED/(USED) BY INVESTING ACTIVITIES	(256,303)	152,423
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FROM FINANCING ACTIVITIES	-	-
NET INCREASE/(DECREASE) IN CASH	(361,685)	108,746
BEGINNING CASH BALANCE	578,229	469,483
ENDING CASH BALANCE	\$ 216,544	\$ 578,229

See Accountant's audit report and notes to financial statements

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MOMMA'S INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2016)

	Total Program Services		Supporting Services		Total Services	
	2017	2016	Management & General		2017	2016
			General	Fundraising		
FUNCTIONAL EXPENSES						
Employee Compensation						
Salaries and wages	\$ 327,403	\$ 327,588	\$ 72,224	\$ 18,388	\$ 418,015	\$ 415,495
Employee benefits	25,681	28,360	5,597	1,646	32,924	35,899
Payroll taxes	24,911	24,329	5,429	1,597	31,937	30,796
Total Compensation	377,995	380,277	83,250	21,631	482,876	482,190
Other Expenses						
Advertising	-	-	535	-	535	490
Accounting	-	-	7,145	-	7,145	8,490
Auto expenses	5,885	7,191	1,517	-	7,402	9,160
Bank and credit card fees	-	-	2,323	-	2,323	1,844
Board expense	-	-	104	-	104	167
Computer	-	155	664	-	664	556
Conferences, seminars & training	165	879	875	-	1,040	879
Consulting	-	-	-	-	-	1,699
Contributions	150	-	75	-	225	3,636
Depreciation	9,210	9,298	-	-	9,210	9,298
Dues and subscriptions	-	-	1,743	-	1,743	2,218
Food	34,299	34,526	-	-	34,299	34,526
House security expense	1,547	1,442	-	-	1,547	1,442
Insurance	17,599	12,961	2,224	-	19,823	14,963
Legal fees	-	-	1,700	-	1,700	-
Licenses and permits	-	-	125	-	125	475
Office expense	-	-	5,611	624	6,235	5,772
Postage	-	-	1,046	1,079	2,125	2,155
Printing	-	-	185	4,415	4,600	5,749
Property tax	17,821	-	-	-	17,821	-
Recreation and client services	2,863	5,856	-	-	2,863	5,856
Rent	91,050	88,600	32,400	3,600	127,050	119,100
Repairs & maintenance	21,071	10,087	1,124	-	22,195	10,152
Supplies	19,033	19,167	-	-	19,033	19,167
Utilities	31,752	31,026	7,063	785	39,600	38,713
Total Other Expenses	252,445	221,188	66,459	10,503	329,407	296,507
Total Operating Expenses	\$ 630,440	\$ 601,465	\$ 149,709	\$ 32,134	\$ 812,283	\$ 778,697

See Accountant's audit report and notes to the financial statements

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Organization

Momma's, Inc. is a residential program for young mothers and their children, providing a supportive environment for mother-child bonding and pursuit of work or schooling for up to two years after the birth of the child with the goal of self-sufficiency upon completion of the program. In addition, Momma's provides short-term emergency shelter as needed to homeless young women with children while they seek permanent housing. Momma's operates in Nassau County, New York; revenue consists primarily of contributions, grant revenues and program service revenue.

Momma's, Inc. was incorporated in 1986 and is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c) (3) of the Internal Revenue Code. Donors may deduct contributions made to Momma's within the requirements of the Internal Revenue Code. Management of Momma's is not aware of any events that could jeopardize the tax-exempt status. Therefore, no liability or provision for income tax has been reflected in the financial statements. Momma's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

B. Basis of Accounting and Reporting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with the Financial Accounting Standards Board, Financial Accounting Standards (FAS) 117, *Financial Statements of Not-for-Profit Organizations*. FAS 117 requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has unrestricted and temporarily restricted net assets as of December 31, 2017.

C. Cash and Cash Equivalents

The Organization's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

D. Accounts/Grants Receivable, Promises To Give

All receivables and promises to give are reported at the net amount. No allowance for uncollectible accounts has been recorded as management believes all amounts will be collected.

E. Property and Equipment, Net

Property and equipment are recorded at historical cost and donated assets are recorded at estimated fair market value at the time received. Property and equipment in excess of \$1,000 with an estimated useful life of greater than one year are capitalized. Property and equipment is depreciated under the straight-line method over the estimated useful lives of the asset.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

F. Functional Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

G. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Contributed Services and Materials

Momma's records various types of contributed support, including services and materials. Momma's recognizes certain services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses.

2. FUNDING DEPENDENCY

A substantial amount of the Organization's support is in the form of annual grants and contracts with various county, state and federal agencies. The Organization's support is partially dependent upon the Organization's continued qualifications for funds available from governmental sources. Accordingly, there is no guarantee that such funding will continue. Restricted grants, contributions and fundraising revenue are recorded as temporarily restricted if they are received with donor stipulations that limit the use of the contributed assets. When a donor or sponsor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

3. INVESTMENTS

Investments held by Momma's at December 31, 2017 and 2016, at fair value, consist of the following:

	<u>2017</u>	<u>2016</u>
Money market fund	\$ 17,162	\$ 26,587
Equity securities	<u>34,795</u>	<u>29,120</u>
Total investments	<u>\$ 51,957</u>	<u>\$ 55,707</u>

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

Investment return consists of the following for the years ended December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest & dividend income	\$1,567	\$2,452
Unrealized gain on securities	<u>5,675</u>	<u>6,324</u>
	<u>\$7,242</u>	<u>\$8,776</u>

4. PROPERTY AND EQUIPMENT, NET

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 450	\$ 450
Furniture and fixtures	12,904	12,904
Computer equipment	10,919	10,919
Improvements	61,698	56,298
Residential homes	<u>552,744</u>	<u>265,257</u>
	638,715	345,828
Less: accumulated depreciation	<u>(163,618)</u>	<u>(154,408)</u>
Property and equipment, net	<u>\$475,097</u>	<u>\$191,420</u>

Depreciation expense was \$9,210 for the year ended December 31, 2017.

5. EMPLOYEE BENEFITS

The Organization does not provide any employee benefits that extend beyond one year.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following periods or purposes at December 31, 2017 and 2016, respectively:

	<u>2017</u>	<u>2016</u>
Operation of residential home	\$ -	\$ 41,257
Purchase of residential home	<u>199,450</u>	<u>199,450</u>
Total temporarily restricted net assets	<u>\$ 199,450</u>	<u>\$ 240,707</u>

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

7. IN KIND CONTRIBUTIONS

Momma's receives contributed goods and services in support of various aspects of its programs. During the years ended December 31, 2017 and 2016, Momma's received the following in-kind contributions that have been reflected in the financial statements:

	2017	2016
Special events	\$ 17,343	\$ 11,610
Food and supplies	32,000	31,000
Total in-kind contributions	\$ 49,343	\$ 42,610

Momma's receives a significant amount of contributed services of volunteers in connection with its various programs which do not meet the criteria for recognition. Accordingly, the value of these contributed services has not been reflected in the accompanying financial statements.

8. LEASE AND PERMIT AGREEMENTS

Momma's extended a lease agreement for use of premises at the Roman Catholic Parish of St. Rocco in Glen Cove, NY as of March 2016 which provides for monthly rental payments of \$2,400 a month through January 31, 2019. Rent expense for this lease was \$28,800 and \$28,600 for each of the years ended December 31, 2017 and 2016, respectively.

On October 1, 2016, Momma's extended its lease for its office facilities on Wantagh Avenue, the lease will then continue through September 30, 2021. Momma's originally entered into an agreement to equally share the facilities and lease obligation with another nonprofit organization. As of August 1, 2016, the other nonprofit organization is no longer sharing the facilities and Momma's is now responsible for the full amount of the rent payments. Rent expense was \$36,000 and \$27,000 for the years ended December 31, 2017 and 2016, respectively under the agreement. The organization rented desk space from the other nonprofit organization for \$500 per month on a month to month basis which ended as of August 1, 2016. Total desk space rent for 2016 was \$3,500.

Future lease payments for the above facilities are:

2018	\$ 66,600
2019	41,100
2020	39,900
2021	34,000
	\$ 181,600

Momma's leases a residential home in Hempstead, NY on a month to month basis. Rent expense was \$31,500 and \$30,000 for each of the years ended December 31, 2017 and 2016, respectively.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

In June 2006, Momma's entered into an agreement with Nassau County to operate a County-owned home in Jericho, NY as a community home and temporary residence for up to five women, up to five babies under two years of age and up to two house mothers. The agreement is cancelable by either party with thirty days notice of termination in writing. The agreement provides for a monthly permit fee which is currently \$2,750. Total permit fee expense was \$30,750 and \$30,000 under the agreement for the program for each of the years ended December 31, 2017 and 2016, respectively, and is recorded on the Statement of Functional expenses as Rent.

9. RESIDENTIAL HOMES

In November 2004, Momma's entered into a conditional grant agreement with the US Department of Housing and Urban Development (HUD) to provide permanent supportive housing in Nassau County. In June 2005, Momma's purchased the residential home in E. Massapequa, New York which substantially met the terms of the HUD grant. The home provides additional housing for unwed mothers and their children. Under the terms of the grant, Momma's must maintain ownership of the E. Massapequa home and operate it as supportive housing for a twenty year period from the date of initial occupancy. If the agreement is materially breached in this manner, HUD may reduce or recapture the grant award or continue the grant with a substitute recipient of HUD's choosing.

Momma's also has a grant agreement with HUD to provide housing for unwed mothers and their children. Momma's was granted \$44,903 and \$44,579 under the agreement in the years ended December 31, 2017 and 2016, respectively.

In January 2017 Momma's purchased, with its own funds, a residential home for \$287,487 including closing costs. The home was not in operation during 2017. The home was renovated during 2017 and will be used for transitional housing starting in 2018.