

MOMMA'S, INC
FINANCIAL STATEMENTS
DECEMBER 31, 2018

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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, 2018 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, 2017 financial statements and in our report dated May 14, 2018 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, 2018, 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

June 26, 2019

MOMMA'S INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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| <u>ASSETS</u> | 2018 | 2017 |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash | \$ 195,609 | \$ 233,706 |
| Investments | 40,237 | 34,795 |
| Accounts receivable | 90,016 | 115,080 |
| Grants/contracts receivable | 106,250 | 86,264 |
| Total Current Assets | 432,112 | 469,845 |
| Fixed Assets | | |
| Property and equipment, net | 505,700 | 475,097 |
| Other Assets | | |
| Security deposits | 11,000 | 11,000 |
| Total Other Assets | 11,000 | 11,000 |
| Total Assets | \$ 948,812 | \$ 955,942 |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 13,378 | \$ 5,067 |
| Long Term Liabilities | | |
| Resident savings and security payable | 4,154 | 5,144 |
| Total Liabilities | 17,532 | 10,211 |
| Net Assets | | |
| Without Donor Restrictions | 731,830 | 746,281 |
| With Donor Restrictions | 199,450 | 199,450 |
| Total Net Assets | 931,280 | 945,731 |
| Total Liabilities and Net Assets | \$ 948,812 | \$ 955,942 |

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

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MOMMA'S INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

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| | <u>WITHOUT DONOR RESTRICTIONS</u> | <u>WITH DONOR RESTRICTIONS</u> | <u>COMBINED TOTAL</u> | |
|--|---|--|-----------------------|-------------------|
| | | | <u>2018</u> | <u>2017</u> |
| Operating Support and Revenue: | | | | |
| Contributions and private grants | \$ 278,735 | \$ - | \$ 278,735 | \$ 192,811 |
| Government grants/contracts revenue | 25,000 | 85,312 | 110,312 | 172,535 |
| Contributed materials | 48,942 | - | 48,942 | 49,343 |
| Fundraising events, gross proceeds | 155,145 | | | |
| Less: Direct costs | <u>61,064</u> | 94,081 | 94,081 | 103,610 |
| Program service revenue | 321,418 | - | 321,418 | 234,944 |
| Dividend and interest income | 1,740 | - | 1,740 | 1,567 |
| Miscellaneous income | - | - | - | - |
| Net assets released from restrictions | <u>85,312</u> | <u>(85,312)</u> | <u>-</u> | <u>-</u> |
| Total Public Support and Revenue | <u>855,228</u> | <u>-</u> | <u>855,228</u> | <u>754,810</u> |
| Operating Expenses: | | | | |
| Program services | 647,873 | - | 647,873 | 630,440 |
| Support services | | | | |
| Management and general | 189,482 | - | 189,482 | 149,709 |
| Fundraising | <u>25,709</u> | <u>-</u> | <u>25,709</u> | <u>32,134</u> |
| Total Support Services | <u>215,191</u> | <u>-</u> | <u>215,191</u> | <u>181,843</u> |
| Total Operating Expenses | <u>863,064</u> | <u>-</u> | <u>863,064</u> | <u>812,283</u> |
| Increase/ (Decrease) in Net Assets before other items | <u>(7,836)</u> | <u>-</u> | <u>(7,836)</u> | <u>(57,473)</u> |
| Other Items | | | | |
| Unrealized loss/gain on securities | <u>(6,615)</u> | <u>-</u> | <u>(6,615)</u> | <u>5,675</u> |
| (Decrease) in Net Assets | <u>(14,451)</u> | <u>-</u> | <u>(14,451)</u> | <u>(51,798)</u> |
| Net assets at beginning of year | <u>746,281</u> | <u>199,450</u> | <u>945,731</u> | <u>997,529</u> |
| Net assets at end of year | <u>\$ 731,830</u> | <u>\$ 199,450</u> | <u>\$ 931,280</u> | <u>\$ 945,731</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, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

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| | 2018 | 2017 |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Decrease) in net assets | \$ (14,451) | \$ (51,798) |
| Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities: | | |
| Depreciation | 9,490 | 9,210 |
| Unrealized (gain)/loss/reclassification on investments | (10,442) | (5,834) |
| (Increase)/decrease in operating assets: | | |
| Accounts receivables | 25,064 | (52,716) |
| Grants receivable | (19,986) | (8,883) |
| Net promises to give | - | 9,000 |
| Increase/(decrease) in operating liabilities: | | |
| Accounts payable & accrued expenses | 8,311 | (3,551) |
| Residents' savings and security payable | (990) | (810) |
| NET CASH (USED) BY OPERATING ACTIVITIES | (3,004) | (105,382) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Building improvements and fixtures | (40,093) | (5,400) |
| Deposit on building purchase | - | 27,000 |
| Building purchase | - | (287,487) |
| Securities sold | 5,000 | 10,000 |
| Reinvested dividends | - | (416) |
| NET CASH (USED) BY INVESTING ACTIVITIES | (35,093) | (256,303) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| NET CASH FROM FINANCING ACTIVITIES | - | - |
| NET (DECREASE) IN CASH | (38,097) | (344,523) |
| BEGINNING CASH BALANCE | 233,706 | 578,229 |
| ENDING CASH BALANCE | \$ 195,609 | \$ 233,706 |

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, 2018
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2017)

| | Total Program Services | | Supporting Services | | Total Services | |
|----------------------------------|------------------------|-------------------|---------------------|------------------|-------------------|-------------------|
| | 2017 | | 2018 | | 2017 | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| FUNCTIONAL EXPENSES | | | | | | |
| Employee Compensation | | | | | | |
| Salaries and wages | \$ 346,443 | \$ 327,403 | \$ 83,460 | \$ 12,937 | \$ 442,840 | \$ 418,015 |
| Employee benefits | 22,613 | 25,681 | 25,363 | 400 | 48,376 | 32,924 |
| Payroll taxes | 25,635 | 24,911 | 6,244 | 987 | 32,866 | 31,937 |
| Total Compensation | 394,691 | 377,995 | 115,067 | 14,324 | 524,082 | 482,876 |
| Other Expenses | | | | | | |
| Advertising | - | - | 948 | - | 948 | 535 |
| Accounting | - | - | 8,950 | - | 8,950 | 7,145 |
| Auto expenses | 2,739 | 5,885 | 3,508 | - | 6,247 | 7,402 |
| Bank and credit card fees | - | - | 3,837 | - | 3,837 | 2,323 |
| Board expense | - | - | 180 | - | 180 | 104 |
| Computer | - | - | 387 | - | 387 | 664 |
| Conferences, seminars & training | 2,580 | 165 | - | - | 2,580 | 1,040 |
| Contributions | 75 | 150 | - | - | 75 | 225 |
| Depreciation | 9,490 | 9,210 | - | - | 9,490 | 9,210 |
| Dues and subscriptions | - | - | 1,593 | - | 1,593 | 1,743 |
| Food | 29,517 | 34,299 | - | - | 29,517 | 34,299 |
| House security expense | 1,221 | 1,547 | - | - | 1,221 | 1,547 |
| Insurance | 15,692 | 17,599 | 3,823 | 604 | 20,119 | 19,823 |
| Legal fees | - | - | - | - | - | 1,700 |
| Licenses and permits | 344 | - | 134 | - | 478 | 125 |
| Office expense | - | - | 6,534 | 726 | 7,260 | 6,235 |
| Postage | - | - | 1,672 | 835 | 2,507 | 2,125 |
| Printing | - | - | 956 | 4,585 | 5,541 | 4,600 |
| Property tax | 16,860 | 17,821 | - | - | 16,860 | 17,821 |
| Recreation and client services | 3,945 | 2,863 | - | - | 3,945 | 2,863 |
| Rent | 95,550 | 91,050 | 33,750 | 3,750 | 133,050 | 127,050 |
| Repairs & maintenance | 19,199 | 21,071 | 177 | - | 19,376 | 22,195 |
| Supplies | 17,963 | 19,033 | - | - | 17,963 | 19,033 |
| Utilities | 38,007 | 31,752 | 7,966 | 885 | 46,858 | 39,600 |
| Total Other Expenses | 253,182 | 252,445 | 74,415 | 11,385 | 338,982 | 329,407 |
| Total Operating Expenses | \$ 647,873 | \$ 630,440 | \$ 189,482 | \$ 25,709 | \$ 863,064 | \$ 812,283 |

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

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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, Updated Accounting Standards Codification which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: "without donor restrictions" and "with donor restrictions." Grants, contributions and fundraising revenue are recorded as "with donor restrictions" if they are received with donor stipulations that limit the use of the contributed assets. When a donor restriction expires, that is when a stipulated time restriction ends or a purpose restriction is accomplished, those assets are reclassified to net assets "without donor restrictions" and reported in the statement of activities as net assets released from restrictions.

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.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

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.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

3. INVESTMENTS

Investments held by Momma's at December 31, 2018 and 2017, at fair value, consist of the following:

| | Quoted Market Price For Asset (Level 1) | |
|---------------|--|-----------|
| | 2018 | 2017 |
| Mutual Funds | \$ 6,337 | \$ 6,578 |
| Common Stocks | 33,900 | 28,217 |
| | \$ 40,237 | \$ 34,795 |

Investment return consists of the following for the years ended December 31, 2018 and 2017:

| | 2018 | 2017 |
|--------------------------------------|------------|---------|
| Interest & dividend income | \$ 1,740 | \$1,567 |
| Unrealized (loss)/gain on securities | (6,615) | 5,675 |
| | \$ (4,875) | \$7,242 |

4. PROPERTY AND EQUIPMENT, NET

| | 2018 | 2017 |
|----------------------------------|------------|------------|
| Furniture and fixtures | \$ 17,191 | \$ 11,150 |
| Equipment | 13,123 | 13,123 |
| Leasehold improvements | 49,998 | 47,998 |
| Residential homes & improvements | 598,496 | 566,444 |
| | 678,808 | 638,715 |
| Less: accumulated depreciation | (173,108) | (163,618) |
| Property and equipment, net | \$ 505,700 | \$ 475,097 |

Depreciation expense was \$9,490 for the year ended December 31, 2018.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

5. EMPLOYEE BENEFITS

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

6. DONOR RESTRICTIONS

Donor restrictions apply for the following periods and purposes at December 31, 2018 and 2017, respectively:

| | 2018 | 2017 |
|---|------------|------------|
| Operation of residential home | \$ - | \$ - |
| Purchase of residential home | 199,450 | 199,450 |
| Total temporarily restricted net assets | \$ 199,450 | \$ 199,450 |

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, 2018 and 2017, Momma's received the following in-kind contributions that have been reflected in the financial statements:

| | 2018 | 2017 |
|-----------------------------|-----------|-----------|
| Special events | \$ 23,942 | \$ 17,343 |
| Food and supplies | 25,000 | 32,000 |
| Total in-kind contributions | \$ 48,942 | \$ 49,343 |

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 for each of the years ended December 31, 2018 and 2017.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 \$37,500 and \$36,000 for the years ended December 31, 2018 and 2017, respectively under the agreement.

Future lease payments for the above facilities are:

| | |
|------|-------------------|
| 2019 | \$ 67,500 |
| 2020 | 68,700 |
| 2021 | 69,600 |
| 2022 | <u>69,600</u> |
| | <u>\$ 207,387</u> |

Momma's leases a residential home in Hempstead, NY on a month to month basis. Rent expense was \$33,000 and \$31,500 for each of the years ended December 31, 2018 and 2017, respectively.

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 \$3,000. Total permit fee expense was \$33,750 and \$30,750 under the agreement for the program for the years ended December 31, 2018 and 2017, 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, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

Momma's also had a grant agreement with HUD to provide housing for unwed mothers and their children. Momma's was granted \$18,293 and \$44,903 under the agreement in the years ended December 31, 2018 and 2017 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 & 2018 and started to be used for housing in late 2018.