

**FINANCIAL STATEMENTS**

# **ONWARD TOGETHER**

**FOR THE PERIOD APRIL 24, 2017 (INCEPTION)  
TO MARCH 31, 2018**

# ONWARD TOGETHER

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# GELMAN, ROSENBERG

## & FREEDMAN

CERTIFIED PUBLIC ACCOUNTANTS



### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Onward Together  
Washington, D.C.

We have audited the accompanying financial statements of Onward Together (the Organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities and change in net assets, functional expenses and cash flows for the period April 24, 2017 (inception) to March 31, 2018, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of March 31, 2018, and the change in its net assets and its cash flows for the period April 24, 2017 (inception) to March 31, 2018 in accordance with accounting principles generally accepted in the United States of America.

November 6, 2018

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**ONWARD TOGETHER**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2018**

**ASSETS**

**CURRENT ASSETS**

Cash and equivalents	\$ 2,228,806
Accounts receivable	<u>1,392,925</u>
Total current assets	<u>3,621,731</u>

**INTANGIBLE ASSETS**

Domain names	25,215
Trademark	<u>10,000</u>
	35,215
Less: Accumulated amortization	<u>(2,151)</u>
Net intangible assets	<u>33,064</u>

**TOTAL ASSETS** \$ 3,654,795

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable and accrued liabilities	\$ 100,234
Income taxes payable	150,535
Payroll liabilities	<u>7,483</u>
Total current liabilities	<u>258,252</u>

**NET ASSETS**

Unrestricted	<u>3,396,543</u>
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**TOTAL LIABILITIES AND NET ASSETS** \$ 3,654,795

## ONWARD TOGETHER

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE PERIOD APRIL 24, 2017 (INCEPTION) TO MARCH 31, 2018**

**REVENUE AND SUPPORT**

Contributions	\$ 3,158,451
List rental income	<u>3,077,460</u>
Total revenue and support	<u>6,235,911</u>

**EXPENSES**

Program Services:	
Primary	1,135,331
Political	<u>480,000</u>
Total program services	<u>1,615,331</u>

Supporting Services:	
Management and General	189,523
Fundraising	<u>1,034,514</u>

Total supporting services	<u>1,224,037</u>
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Total expenses	<u>2,839,368</u>
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Change in net assets	3,396,543
Net assets at beginning of period	<u>-</u>
<b>NET ASSETS AT END OF PERIOD</b>	<b><u>\$ 3,396,543</u></b>

**ONWARD TOGETHER**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE PERIOD APRIL 24, 2017 (INCEPTION) TO MARCH 31, 2018**

	Program Services			Supporting Services			Total Expenses
	Primary	Political	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 143,089	\$ -	\$ 143,089	\$ 56,898	\$ 97,803	\$ 154,701	\$ 297,790
Consulting	287,563	-	287,563	28,000	96,182	124,182	411,745
Digital	11,850	-	11,850	-	166,498	166,498	178,348
Direct mail	-	-	-	-	304,336	304,336	304,336
Grants and contributions	650,000	480,000	1,130,000	-	-	-	1,130,000
List rental expense	-	-	-	-	95,962	95,962	95,962
Professional services	-	-	-	85,261	7,943	93,204	93,204
Travel, meals, and lodging	2,734	-	2,734	-	-	-	2,734
Bank and credit card charges	-	-	-	-	94,110	94,110	94,110
Rent	27,818	-	27,818	11,081	19,177	30,258	58,076
Office expenses	12,277	-	12,277	8,283	1,968	10,251	22,528
Income taxes	-	-	-	-	150,535	150,535	150,535
<b>TOTAL</b>	<b>\$ 1,135,331</b>	<b>\$ 480,000</b>	<b>\$ 1,615,331</b>	<b>\$ 189,523</b>	<b>\$ 1,034,514</b>	<b>\$ 1,224,037</b>	<b>\$ 2,839,368</b>

**ONWARD TOGETHER**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD APRIL 24, 2017 (INCEPTION) TO MARCH 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in net assets	\$ 3,396,543
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	2,151
(Increase) in:	
Accounts receivable	(1,392,925)
Increase in:	
Accounts payable and accrued liabilities	100,234
Income taxes payable	150,535
Payroll liabilities	<u>7,483</u>
Net cash provided by operating activities	<u>2,264,021</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of intangible assets	<u>(35,215)</u>
Net cash used by investing activities	<u>(35,215)</u>
Net increase in cash and cash equivalents	2,228,806
Cash and cash equivalents at beginning of period	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b><u>\$ 2,228,806</u></b>

## ONWARD TOGETHER

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

##### Organization -

Onward Together (the Organization) is a non-profit organization incorporated on April 24, 2017, in the District of Columbia. By encouraging people to organize, get involved, and run for office, Onward Together will advance progressive values and work to build a brighter future for generations to come.

##### Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*.

##### Cash and cash equivalents -

The Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a limit of \$250,000. At times during the period, the Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

##### Accounts receivable -

Accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

##### Intangible assets -

Intangible assets in excess of \$2,500 are capitalized and stated at cost. Intangible assets are amortized on a straight-line basis over the estimated useful lives of the related assets, generally 15 to 30 years. Amortization expense for the period April 24, 2017 (inception) to March 31, 2018 totaled \$2,151.

##### Income taxes -

The Organization is exempt from Federal income taxes under Section 501(c)(4) of the Internal Revenue Code, is taxable if it has unrelated business taxable income under IRS Code Section 512(a)(1), and is taxable if it has political organization taxable income from political expenditures, as described under IRS Code Section 527(f)(1).

For the period April 24, 2017 (inception) to March 31, 2018, the Organization had no unrelated business income. The income taxes payable of \$150,535 consists of Federal and D.C. income taxes of \$150,285 and \$250, respectively, relating to political organization taxable income arising during the period April 24, 2017 (inception) to March 31, 2018.

##### Uncertain tax positions -

For the period April 24, 2017 (inception) to March 31, 2018, the Organization has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes, and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.



## ONWARD TOGETHER

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

##### Net asset classification -

Unrestricted net assets include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Organization and include both internally designated and undesignated resources.

##### Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

##### Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### New accounting pronouncements (not yet adopted) -

In June 2018, FASB issued ASU 2018-08, *Not-for-Profit Entities* (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, which is intended to clarify and improve current guidance about whether a transfer of assets is an exchange transaction or a contribution. The amendments in this ASU provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional or unconditional. The amendments in this ASU could result in more grants and contracts being accounted for as contributions than under previous GAAP. The ASU recommends application on a modified prospective basis; however, retrospective application is permitted. The Organization has not yet decided on a transition method. The ASU is effective for years beginning after December 15, 2018.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions.

The change in each of the classes of net assets must be reported on the Statement of Activities and Change in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted. The ASU should be applied on a retrospective basis in the year the ASU is first applied. While the ASU will change the presentation of the Organization's financial statements, it is not expected to alter the Organization's reported financial position.

## ONWARD TOGETHER

### NOTES TO FINANCIAL STATEMENTS MARCH 31, 2018

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncements (not yet adopted) (continued) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. The Organization has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

The Organization plans to adopt the new ASUs at the respective required implementation dates.

#### 2. LEASE COMMITMENTS

The Organization occupies a space with other entities. It makes monthly rent payments, calculated based on the percentage of time it uses the space compared to the other occupiers. The Organization has not entered into a formal lease.

Rent expense for the period April 24, 2017 (inception) to March 31, 2018 was \$58,076.

#### 3. RELATED PARTY

The Organization has a related party, Onward Together Committee (the Committee), a Federal Separate Segregated Fund (SSF). The Committee reports to the Federal Election Commission and is a federal 527 Committee. As it is a SSF, it solicits contributions from Organization members and all of its administrative and fundraising expenses can be paid by the Organization. The two parties have a common member of management and a common Board Member. No amounts were paid between the Organization and the Committee during the period April 24, 2017 (inception) to March 31, 2018. As of March 31, 2018, no amounts were owed by one party to the other.

#### 4. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 6, 2018, the date the financial statements were issued.