

FINANCIAL STATEMENTS

ONWARD TOGETHER

FOR THE YEAR ENDED MARCH 31, 2019

ONWARD TOGETHER

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Onward Together
New York, New York

We have audited the accompanying financial statements of Onward Together (the Organization), which comprise the statement of financial position as of March 31, 2019, and the related statements of activities and change in net assets, 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 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.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

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, 2019, and the change 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.

Gelman Rosenberg & Friedman

January 23, 2020

ONWARD TOGETHER
STATEMENT OF FINANCIAL POSITION
AS OF MARCH 31, 2019

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 2,903,753
Accounts receivable	<u>408,096</u>
Total current assets	<u>3,311,849</u>

INTANGIBLE ASSETS

Domain names	25,215
Trademark	10,000
Website	<u>25,000</u>
	60,215
Less: Accumulated amortization	<u>(5,888)</u>
Net intangible assets	<u>54,327</u>

TOTAL ASSETS \$ 3,366,176

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 127,252
Income taxes payable	149,119
Payroll tax liabilities	<u>7,704</u>
Total current liabilities	<u>284,075</u>

NET ASSETS

Without donor restrictions	2,930,287
With donor restrictions	<u>151,814</u>
Total net assets	<u>3,082,101</u>

TOTAL LIABILITIES AND NET ASSETS \$ 3,366,176

ONWARD TOGETHER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions/Grants	\$ 2,076,486	\$ 181,564	\$ 2,258,050
List rental income	1,958,928	-	1,958,928
Net assets released from donor restrictions	<u>29,750</u>	<u>(29,750)</u>	<u>-</u>
Total revenue and support	<u>4,065,164</u>	<u>151,814</u>	<u>4,216,978</u>
EXPENSES			
Program Services:			
Primary	1,985,594	-	1,985,594
Political	<u>709,000</u>	<u>-</u>	<u>709,000</u>
Total program services	<u>2,694,594</u>	<u>-</u>	<u>2,694,594</u>
Supporting Services:			
Management and General	311,930	-	311,930
Fundraising	<u>1,524,896</u>	<u>-</u>	<u>1,524,896</u>
Total supporting services	<u>1,836,826</u>	<u>-</u>	<u>1,836,826</u>
Total expenses	<u>4,531,420</u>	<u>-</u>	<u>4,531,420</u>
Change in net assets	(466,256)	151,814	(314,442)
Net assets at beginning of year	<u>3,396,543</u>	<u>-</u>	<u>3,396,543</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,930,287</u>	<u>\$ 151,814</u>	<u>\$ 3,082,101</u>

ONWARD TOGETHER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	Program Services			Supporting Services			Total Expenses
	Primary	Political	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and contributions	\$ 1,327,000	\$ 705,000	\$ 2,032,000	\$ -	\$ -	\$ -	\$ 2,032,000
Direct mail	-	-	-	-	620,686	620,686	620,686
Personnel	224,345	-	224,345	125,305	140,090	265,395	489,740
Consulting	331,250	-	331,250	5,000	144,750	149,750	481,000
Digital	-	-	-	-	219,325	219,325	219,325
Income taxes	-	-	-	-	149,119	149,119	149,119
Rent	62,684	-	62,684	40,359	43,533	83,892	146,576
List rental expense	-	-	-	-	127,895	127,895	127,895
Professional services	-	-	-	107,883	6,163	114,046	114,046
Bank and credit card charges	-	-	-	21,694	50,041	71,735	71,735
Travel and meetings	34,441	-	34,441	659	16,174	16,833	51,274
Office expenses	2,137	-	2,137	11,030	7,120	18,150	20,287
Polling	-	4,000	4,000	-	-	-	4,000
Amortization	3,737	-	3,737	-	-	-	3,737
TOTAL	\$ 1,985,594	\$ 709,000	\$ 2,694,594	\$ 311,930	\$ 1,524,896	\$ 1,836,826	\$ 4,531,420

See accompanying notes to financial statements.

ONWARD TOGETHER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (314,442)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Amortization	3,737
Decrease in:	
Accounts receivable	984,829
Increase (decrease) in:	
Accounts payable and accrued liabilities	27,018
Income taxes payable	(1,416)
Payroll tax liabilities	<u>221</u>
Net cash provided by operating activities	<u>699,947</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of intangible assets	<u>(25,000)</u>
Net cash used by investing activities	<u>(25,000)</u>
Net increase in cash and cash equivalents	674,947
Cash and cash equivalents at beginning of year	<u>2,228,806</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,903,753</u>

ONWARD TOGETHER
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

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 Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU was adopted during the year ended March 31, 2019 and applied retrospectively.

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 years. Amortization expense for the year ended March 31, 2019 totaled \$3,737.

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 year ended March 31, 2019, the Organization had no unrelated business income. The income taxes payable of \$149,119 consists of Federal and D.C. income taxes of \$148,869 and \$250, respectively, relating to political organization taxable income arising during the year ended March 31, 2019.

ONWARD TOGETHER

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019

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

Uncertain tax positions -

For the year ended March 31, 2019, 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.

Net asset classification -

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions".
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from donor restrictions.

Contributions and grants -

Contributions and grants are recorded as revenue in the year notification is received from the donor. Contributions and grants with donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements. Contributions and grants received in advance of incurring the related expenses are recorded as "net assets with donor restrictions".

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.

ONWARD TOGETHER

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2019

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

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

New accounting pronouncements (not yet adopted) -

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This 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 one year; thus, the effective date is for fiscal 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 June 2018, the 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. This ASU is effective for fiscal years beginning after December 15, 2018.

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 beginning after December 15, 2020. 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. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2019:

Email and Social Media Campaigns	\$ <u>151,814</u>
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ONWARD TOGETHER
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2019

2. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

Email and Social Media Campaigns	\$ <u>29,750</u>
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3. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statement of Financial Position date comprise the following:

Cash and equivalents	\$ 2,903,753
Accounts receivable	<u>408,096</u>
Subtotal financial assets available within one year	3,311,849
Less: Donor restricted funds	<u>(151,814)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>3,160,035</u>
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The Organization has a policy to structure its financial assets to be available and liquid as its obligations become due. As of March 31, 2019, the Organization has financial assets equal to approximately eight months of operating expenses.

4. 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 year ended March 31, 2019 was \$146,576.

5. 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 year ended March 31, 2019. As of March 31, 2019, no amounts were owed by one party to the other.

6. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 23, 2020, the date the financial statements were issued.