

FINANCIAL STATEMENTS

ONWARD TOGETHER

FOR THE YEAR ENDED MARCH 31, 2020

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, 2020, 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, 2020, 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 & Freedman

January 29, 2021

ONWARD TOGETHER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Contributions and grants	\$ 1,481,074	\$ -	\$ 1,481,074
Interest income	32,757	-	32,757
List rental income	1,059,728	-	1,059,728
Net assets released from donor restrictions	<u>108,000</u>	<u>(108,000)</u>	<u>-</u>
Total revenue and support	<u>2,681,559</u>	<u>(108,000)</u>	<u>2,573,559</u>
EXPENSES			
Program Services:			
Primary	1,142,796	-	1,142,796
Political	<u>395,000</u>	<u>-</u>	<u>395,000</u>
Total program services	<u>1,537,796</u>	<u>-</u>	<u>1,537,796</u>
Supporting Services:			
Management and General	329,892	-	329,892
Fundraising	<u>1,227,612</u>	<u>-</u>	<u>1,227,612</u>
Total supporting services	<u>1,557,504</u>	<u>-</u>	<u>1,557,504</u>
Total expenses	<u>3,095,300</u>	<u>-</u>	<u>3,095,300</u>
Change in net assets	(413,741)	(108,000)	(521,741)
Net assets at beginning of year	<u>2,930,287</u>	<u>151,814</u>	<u>3,082,101</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,516,546</u>	<u>\$ 43,814</u>	<u>\$ 2,560,360</u>

ONWARD TOGETHER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2020

	Program Services			Supporting Services			Total Expenses
	Primary	Political	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants and contributions	\$ 560,000	\$ 395,000	\$ 955,000	\$ -	\$ -	\$ -	\$ 955,000
Personnel	301,687	-	301,687	151,819	148,608	300,427	602,114
Consulting	169,800	-	169,800	3,000	250,000	253,000	422,800
Direct mail	-	-	-	-	262,051	262,051	262,051
List rental expense	-	-	-	-	200,611	200,611	200,611
Rent	78,081	-	78,081	46,085	42,001	88,086	166,167
Digital	1,500	-	1,500	-	143,025	143,025	144,525
Professional services	-	-	-	101,346	6,840	108,186	108,186
Income taxes	-	-	-	-	83,179	83,179	83,179
Bank and credit card charges	4,116	-	4,116	10,280	48,191	58,471	62,587
Office expenses	20	-	20	13,378	21,455	34,833	34,853
Travel	5,415	-	5,415	3,331	17,215	20,546	25,961
Meetings	18,163	-	18,163	653	4,436	5,089	23,252
Amortization	4,014	-	4,014	-	-	-	4,014
TOTAL	\$ 1,142,796	\$ 395,000	\$ 1,537,796	\$ 329,892	\$ 1,227,612	\$ 1,557,504	\$ 3,095,300

See accompanying notes to financial statements.

ONWARD TOGETHER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (521,741)
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Amortization	4,014
Decrease (increase) in:	
Grants and accounts receivable	245,608
Prepaid expenses	(4,357)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(25,822)
Income taxes payable	(65,940)
Payroll tax liabilities	<u>2,834</u>
Net cash used by operating activities	<u>(365,404)</u>
Net decrease in cash and cash equivalents	(365,404)
Cash and cash equivalents at beginning of year	<u>2,903,753</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,538,349</u>

SUPPLEMENTAL INFORMATION:

Taxes Paid	<u>\$ 149,119</u>
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ONWARD TOGETHER

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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 Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are 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". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncements adopted -

During 2020, the Organization adopted ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions, and improved guidance to better distinguish between conditional and unconditional contributions. The Organization adopted the ASU using a modified prospective basis.

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.

ONWARD TOGETHER

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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

Grants and accounts receivable -

Grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectible within one year. 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, 2020 totaled \$4,014.

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, 2020, the Organization had no unrelated business income. The income taxes payable of \$83,179 consists of Federal and D.C. income taxes of \$82,929 and \$250, respectively, relating to political organization taxable income arising during the year ended March 31, 2020.

Uncertain tax positions -

For the year ended March 31, 2020, 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.

Revenue -

Contributions and grants are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual contribution and grant to determine if the revenue streams follow the contribution rules.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have 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.

Contribution and grant agreements qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. As such, the Organization recognizes revenue for these conditional contributions when the related barrier has been overcome (generally, when qualifying expenditures are incurred). Funds received in advance of the incurrence of qualifying expenditures are recorded as refundable advances. For contributions and grants treated as contributions, the Organization did not have any unrecognized conditional awards as of March 31, 2020.

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NOTES TO FINANCIAL STATEMENTS MARCH 31, 2020

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

Revenue (continued) -

List rental income is recognized at the time of the applicable list being provided by the Organization to a third party.

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.

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.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact the Organization's operations. The overall potential impact is unknown at this time.

New accounting pronouncements not yet adopted -

FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. During 2020, the FASB delayed the implementation date under ASU 2020-05 for an additional year. Organizations may elect to adopt the guidance for annual reporting periods beginning after December 15, 2019 and for interim periods within annual reporting periods beginning after December 15, 2020. Early adoption is still permitted.

ASU 2019-01, *Leases* (Topic 842) changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

The Organization plans to adopt the new ASUs at the required implementation dates and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020**

2. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at March 31, 2020:

Email and Social Media Campaigns	\$ <u>43,814</u>
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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>108,000</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	\$ 2,538,349
Grants and accounts receivable	<u>162,488</u>
Subtotal financial assets available within one year	2,700,837
Less: Donor restricted funds	<u>(43,814)</u>

FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ <u>2,657,023</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, 2020, the Organization had financial assets equal to approximately ten 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, 2020 was \$166,167.

5. RELATED PARTIES

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, 2020. As of March 31, 2020, no amounts were owed by one party to the other.

The Organization also has a second related party, Onward Together Foundation, a 501(c)(3) non-profit organization which was incorporated on June 3, 2019 in the District of Columbia. The two organizations have common Board members. No amounts were paid between the organizations during the year ended March 31, 2020. As of March 31, 2020, no amounts were owed by one party to the other.

ONWARD TOGETHER
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020

6. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 29, 2021, the date the financial statements were issued.