

MYGOODDEED, a non-profit corporation
FINANCIAL STATEMENTS
For the years ended December 31, 2017 and 2016

MYGOODDEED, a non-profit corporation

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LAMBRIGHT
& ASSOCIATES

MyGoodDeed
Newport Beach, California

Independent Accountant's Audit Report

We have audited the accompanying financial statements of MyGoodDeed, a California non-profit corporation, as of December 31, 2017 and 2016, which comprise the statement of financial position and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MyGoodDeed as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Lambright and Associates

Tustin, California

February 7, 2018

MyGoodDeed

STATEMENT OF FINANCIAL POSITION

As of December 31, 2017 and 2016

| ASSETS | 2017 | 2016 |
|---|-------------------|-------------------|
| Current assets: | | |
| Cash | \$ 334,042 | \$ 93,019 |
| Prepaid expenses | 1,259 | 1,556 |
| Pledges receivable | 1,500 | 1,005 |
| Deposits | 3,600 | 2,600 |
| Total current assets | <u>340,401</u> | <u>98,180</u> |
| Non-current assets | | |
| Furniture and fixtures | 3,574 | 3,184 |
| Website | 76,255 | 75,000 |
| Accumulated depreciation and amortization | (35,220) | (10,116) |
| Total non-current assets | <u>44,609</u> | <u>68,068</u> |
| Total assets | <u>\$ 385,010</u> | <u>\$ 166,248</u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Accounts payable | \$ 2,848 | \$ 13,160 |
| Credit card payable | 2,655 | 263 |
| Accrued expenses | 5,570 | 5,750 |
| Total current liabilities | <u>11,073</u> | <u>19,173</u> |
| Net assets: | | |
| Unrestricted | <u>373,937</u> | <u>147,075</u> |
| Total net assets | <u>373,937</u> | <u>147,075</u> |
| Total liabilities and net assets | <u>\$ 385,010</u> | <u>\$ 166,248</u> |

MyGoodDeed

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS For the years ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Unrestricted support and revenues: | | |
| Contributions | \$ 824,890 | \$ 658,544 |
| In-kind donated services | - | 87,500 |
| Product sales, net of costs | (845) | 1,163 |
| Total unrestricted support and revenues | <u>824,045</u> | <u>747,207</u> |
| Expenses | | |
| Program services | 525,300 | 627,513 |
| Management and general | 58,380 | 67,535 |
| Fundraising | 13,503 | 11,389 |
| Total expenses | <u>597,183</u> | <u>706,437</u> |
| Increase in net assets | 226,862 | 40,770 |
| Net assets at the beginning of the year | <u>147,075</u> | <u>106,305</u> |
| Net assets at the end of the year | <u>\$ 373,937</u> | <u>\$ 147,075</u> |

MyGoodDeed

STATEMENT OF FUNCTIONAL EXPENSES For the year ended December 31, 2017

| | Program Services | Supportive Services | | | Total |
|------------------------------|-------------------|----------------------|------------------|------------------|-------------------|
| | | Management & General | Fund Raising | Subtotal | |
| Accounting/Professional fees | \$ - | \$ 24,928 | \$ - | \$ 24,928 | \$ 24,928 |
| Amortization expense | 25,300 | - | - | - | 25,300 |
| Bank fees | - | 744 | - | 744 | 744 |
| Depreciation expense | - | 636 | - | 636 | 636 |
| Equipment rental | - | 900 | - | 900 | 900 |
| Insurance | - | 2,578 | - | 2,578 | 2,578 |
| Miscellaneous | 210 | 272 | 48 | 320 | 530 |
| Management fee | 87,500 | 4,750 | 10,750 | 15,500 | 103,000 |
| Payroll expense | 7,583 | - | - | - | 7,583 |
| Postage and shipping | 936 | 3 | - | 3 | 939 |
| Printing and publications | 234 | 157 | - | 157 | 391 |
| Program events | 15,366 | - | - | - | 15,366 |
| Program implementation | 54,490 | - | - | - | 54,490 |
| Program marketing | 50,052 | - | - | - | 50,052 |
| Program grants | 253,597 | - | - | - | 253,597 |
| Rent | - | 16,952 | - | 16,952 | 16,952 |
| Subscriptions | - | 1,569 | - | 1,569 | 1,569 |
| Telephone | 740 | 871 | - | 871 | 1,611 |
| Travel | 20,093 | 4,020 | 2,705 | 6,725 | 26,818 |
| Website maintenance | 9,199 | - | - | - | 9,199 |
| Total expenses | \$ 525,300 | \$ 58,380 | \$ 13,503 | \$ 71,883 | \$ 597,183 |

For the year ended December 31, 2016

| | Program Services | Supportive Services | | | Total |
|------------------------------|-------------------|----------------------|------------------|------------------|-------------------|
| | | Management & General | Fund Raising | Subtotal | |
| Accounting/Professional fees | \$ - | \$ 21,384 | \$ - | \$ 21,384 | \$ 21,384 |
| Amortization expense | 8,333 | - | - | - | 8,333 |
| Depreciation expense | - | - | 625 | 625 | 625 |
| Equipment rental | 605 | 1,728 | - | 1,728 | 2,333 |
| Insurance | - | 2,326 | - | 2,326 | 2,326 |
| Licenses and permits | - | 314 | - | 314 | 314 |
| Miscellaneous | 6,954 | 1,497 | 1,153 | 2,650 | 9,604 |
| Management fee | 126,100 | 7,250 | 8,150 | 15,400 | 141,500 |
| Postage and shipping | 954 | 97 | 441 | 538 | 1,492 |
| Printing and publications | 1,550 | 1,375 | 225 | 1,600 | 3,150 |
| Program events | 19,079 | - | - | - | 19,079 |
| Program implementation | 99,930 | - | - | - | 99,930 |
| Program marketing | 41,933 | - | - | - | 41,933 |
| Program grants | 275,260 | - | - | - | 275,260 |
| Rent | - | 25,520 | - | 25,520 | 25,520 |
| Subscriptions | - | 1,555 | - | 1,555 | 1,555 |
| Telephone | - | 4,126 | - | 4,126 | 4,126 |
| Travel | 42,054 | 363 | 795 | 1,158 | 43,212 |
| Website maintenance | 4,761 | - | - | - | 4,761 |
| Total expenses | \$ 627,513 | \$ 67,535 | \$ 11,389 | \$ 78,924 | \$ 706,437 |

MyGoodDeed

STATEMENT OF CASH FLOWS For the years ended December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|------------------|
| Cash flows from operating activities | | |
| Increase in net assets | \$ 226,862 | \$ 40,770 |
| Adjustments to reconcile increase in net assets | | |
| Amortization | 25,300 | 8,333 |
| Depreciation | 636 | 625 |
| Fair market value of donated services | - | (75,000) |
| Cash (used)/provided by operating activities | | |
| (Increase)/decrease in operating assets | | |
| Pledges receivable | (495) | (1,004) |
| Prepaid expenses | 297 | 1,061 |
| Deposits | (1,000) | (537) |
| Increase/(decrease) in operating liabilities | | |
| Accounts payable | (10,312) | 10,923 |
| Credit card payable | 2,392 | 265 |
| Accrued expenses | (180) | (6,325) |
| Net cash provided by/(used by) operating activities | <u>243,500</u> | <u>(20,889)</u> |
| Cash used in investing activities | | |
| Fixed asset purchases | (2,477) | (1,838) |
| Net cash used in investing activities | <u>(2,477)</u> | <u>(1,838)</u> |
| Net increase/(decrease) in cash | 241,023 | (22,727) |
| Cash at beginning of year | <u>93,019</u> | <u>115,746</u> |
| Cash at end of year | <u>\$ 334,042</u> | <u>\$ 93,019</u> |

MyGoodDeed

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2017 and 2016

NOTE 1: ORGANIZATION AND NATURE OF SERVICES

MyGoodDeed (the Organization) is a California non-profit corporation formed to annually organize the September 11 National Day of Service and Remembrance ("9/11 Day"), working with leading 9/11 groups, employers, nonprofits, educational organizations, and agencies to inspire millions to observe the anniversary of 9/11 by engaging in good deeds and charitable service. The Organization oversees the implementation of television and radio public service announcements, online initiatives, volunteer events in major cities, education programs, media relations and grassroots outreach to reach millions of people each year. The Organization has offices in California and New York.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of the Organization:

Financial Statement Presentation

MyGoodDeed reports financial information in accordance with Accounting Standards Codification ("ASC") Topic No. 958-205 *Not-for-Profit Entities – Presentation of Financial Statements*. Under ASC 958-205, MyGoodDeed is required to report information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In accordance with these requirements, MyGoodDeed has classified its financial statements to present the three classes of net assets required. At December 31, 2017, MyGoodDeed had no temporarily restricted net assets or permanently restricted net assets.

Basis of presentation

The financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (GAAP) applicable to non-profit organizations.

Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments with an initial maturity of three months or less are considered to be cash equivalents. The Organization did not have any cash equivalents during the years ended December 31, 2017 or 2016.

Promises to Give

MyGoodDeed employs Accounting Standards of Codification (“ASC”) Topic No. 958-605 *Not-for-Profit Entities – Revenue Recognition* to account for its contributions. In accordance with ASC 958-605, contributions are recognized when the donor makes a promise to give to MyGoodDeed that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated services and materials

Donated materials have been included in the accompanying financial statements where estimates of market value were available to measure the value of such materials. Donated services are recognized when a non-financial asset is created or specialized skills are required and the organization would otherwise need to purchase the services. In addition, a substantial number of volunteers have donated their time to the organization. The value of this time and related expense has not been included in the accompanying financial statements except to the extent such services meet the criteria set forth above.

Website Development Costs

Website development costs are stated at cost. The cost of additions and improvements are capitalized while the costs of operating and maintaining the website are charged to expense when incurred. Amortization of the cost of website development is based on the estimated three year useful life of the website using the straight-line method. The amortization expense for the years ended December 31, 2017 and 2016 was \$24,563 and \$8,333 respectively.

Furniture and Fixtures

Furniture and fixtures are carried at cost. The Organization follows the practice of capitalizing all material expenditures for furniture and fixtures. Depreciation is recorded on the straight-line basis over the estimated useful life of the asset. The depreciation expense for the years ended December 31, 2017 and 2016 was \$636 and \$625 respectively.

Income Taxes

The Organization is exempt from federal and California income taxes under the 501(c)(3) provisions of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. No provision for income tax liability is therefore required.

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 certain 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risks

The Organization maintains its cash in a bank deposit account which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Functional Allocation of Expenses.

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

NOTE 3: RELATED PARTY TRANSACTIONS

The Organization paid fees to companies owned by the President and Vice-president for managing its operations and providing administrative services. The agreement calls for base fees \$70,000 and reimbursement for expenses related to the implementation of programs. Total fees paid under these agreements during 2017 and 2016 totaled \$147,000 and \$141,500 respectively.

NOTE 4: OBLIGATIONS UNDER OPERATING LEASES

The Organization leases a facility under a new operating lease beginning January 1, 2018 and expiring on June 30, 2018. The lease contains an automatic renewal provision which extends the lease for an additional 6 months unless either party is notified in writing at least 60 days prior to expiration. Rent expense based on the 6 month term for 2018 will be \$10,800. Rent expense under the previous lease for 2017 and 2016 totaled \$15,600 and \$25,520 respectively.

NOTE 5: IRS EXAMINATOIN

In 2017 the Organization was randomly selected for an audit of its 2014 tax returns by the Internal Revenue Service (IRS). Following completion of this examination, the IRS accepted the Organization's tax return for 2014 as originally filed.

As part of the examination, the IRS determined that some contractors paid by the Organization should have been classified instead as employees in 2014. The Organization agreed to pay \$7,683 in payroll taxes for the period of 2014 to address the issue raised by the IRS, with no further payments or adjustments due for the periods 2014 thru 2017.

NOTE 6: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2018, which is the financial statement issuance date, and has determined that there are no transactions that will have a significant impact on the Organization's financials statements.