

MOMMA'S, INC
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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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, 2019 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, 2018 financial statements and in our report dated June 26, 2019 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, 2019, 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

September 29, 2020

MOMMA'S INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

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<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets		
Cash	\$ 249,186	\$ 195,609
Investments	74,040	40,237
Accounts receivable	148,249	90,016
Grants/contracts receivable	50,957	106,250
Total Current Assets	<u>522,432</u>	<u>432,112</u>
Fixed Assets		
Property and equipment, net	<u>486,708</u>	<u>505,700</u>
Other Assets		
Security deposits	<u>11,000</u>	<u>11,000</u>
Total Other Assets	<u>11,000</u>	<u>11,000</u>
Total Assets	<u>\$ 1,020,140</u>	<u>\$ 948,812</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities		
Accounts payable and accrued expenses	\$ 8,167	\$ 13,378
Long Term Liabilities		
Resident savings and security payable	<u>3,991</u>	<u>4,154</u>
Total Liabilities	<u>12,158</u>	<u>17,532</u>
Net Assets		
Without Donor Restrictions	808,532	731,830
With Donor Restrictions	<u>199,450</u>	<u>199,450</u>
Total Net Assets	<u>1,007,982</u>	<u>931,280</u>
Total Liabilities and Net Assets	<u>\$ 1,020,140</u>	<u>\$ 948,812</u>

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

Stewart Gelman & Associates • Certified Public Accountants, P.C.

MOMMA'S INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	COMBINED TOTAL	
			2019	2018
Operating Support and Revenue:				
Contributions and private grants	\$ 248,881	\$ -	\$ 248,881	\$ 278,735
Government grants/contracts revenue	-	135,433	135,433	110,312
Contributed materials	56,897	-	56,897	48,942
Fundraising events, gross proceeds	129,974			
Less: Direct costs	<u>59,658</u>	70,316	70,316	94,081
Program service revenue	511,331	-	511,331	321,418
Dividend and interest income	3,425	-	3,425	1,740
Net assets released from restrictions	<u>135,433</u>	<u>(135,433)</u>	<u>-</u>	<u>-</u>
Total Public Support and Revenue	<u>1,026,283</u>	<u>-</u>	<u>1,026,283</u>	<u>855,228</u>
Operating Expenses:				
Program services	762,418	-	762,418	647,873
Support services:				
Management and general	182,549	-	182,549	189,482
Fundraising	<u>22,862</u>	<u>-</u>	<u>22,862</u>	<u>25,709</u>
Total Support Services	<u>205,411</u>	<u>-</u>	<u>205,411</u>	<u>215,191</u>
Total Operating Expenses	<u>967,829</u>	<u>-</u>	<u>967,829</u>	<u>863,064</u>
Increase/ (Decrease) in Net Assets before other items	<u>58,454</u>	<u>-</u>	<u>58,454</u>	<u>(7,836)</u>
Other Items				
Unrealized gain/(loss) on securities	<u>18,248</u>	<u>-</u>	<u>18,248</u>	<u>(6,615)</u>
Total Other Items	<u>18,248</u>	<u>-</u>	<u>18,248</u>	<u>(6,615)</u>
Increase/(Decrease) in Net Assets	<u>76,702</u>	<u>-</u>	<u>76,702</u>	<u>(14,451)</u>
Net assets at beginning of year	<u>731,830</u>	<u>199,450</u>	<u>931,280</u>	<u>945,731</u>
Net assets at end of year	<u>\$ 808,532</u>	<u>\$ 199,450</u>	<u>\$ 1,007,982</u>	<u>\$ 931,280</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, 2019
(WITH COMPARATIVE TOTALS FOR 2018)

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	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 76,702	\$ (14,451)
Adjustments to reconcile increase/(decrease) in net assets to net cash provided by operating activities:		
Depreciation	18,992	9,490
Unrealized (gain) on investments	(18,248)	6,615
Non cash stock contributions	(14,800)	(12,057)
(Increase)/decrease in operating assets:		
Accounts receivables	(58,233)	25,064
Grants receivable	55,293	(19,986)
Increase/(decrease) in operating liabilities:		
Accounts payable & accrued expenses	(5,211)	8,311
Residents' savings and security payable	(163)	(990)
	<u>54,332</u>	<u>1,996</u>
NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Building improvements and fixtures	-	(40,093)
Reinvested dividends	(755)	-
	<u>(755)</u>	<u>(40,093)</u>
NET CASH (USED) BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH	53,577	(38,097)
BEGINNING CASH BALANCE	<u>195,609</u>	<u>233,706</u>
ENDING CASH BALANCE	<u>\$ 249,186</u>	<u>\$ 195,609</u>

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, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2018)

FUNCTIONAL EXPENSES	Total Program Services		Supporting Services			Total Services	2018
	2019	2018	Management & General	Fundraising	2019		
Employee Compensation							
Salaries and wages	\$ 449,768	\$ 346,443	\$ 83,622	\$ 13,041	\$ 546,431	\$ 442,840	
Employee benefits	21,352	22,613	23,958	411	45,722	48,376	
Payroll taxes	33,868	25,635	6,312	982	41,162	32,866	
Total Compensation	504,988	394,691	113,892	14,434	633,314	524,082	
Other Expenses							
Advertising	-	-	235	-	235	948	
Accounting	-	-	10,070	-	10,070	8,950	
Auto expenses	5,908	2,739	-	-	5,906	6,247	
Bank and credit card fees	-	-	1,604	-	1,604	3,837	
Board expense	-	-	167	-	167	180	
Computer	-	-	387	-	387	387	
Conferences, seminars & training	937	2,560	-	-	937	2,580	
Contributions	25	75	-	-	25	75	
Depreciation	18,992	9,490	-	-	18,992	9,490	
Dues and subscriptions	-	-	323	-	323	1,593	
Food	26,528	29,517	-	-	26,528	29,517	
House security expense	1,507	1,221	-	-	1,507	1,221	
Insurance	20,750	15,692	2,502	642	23,894	20,119	
Legal fees	-	-	300	-	300	-	
Licenses and permits	1,474	344	384	-	1,858	478	
Office expense	125	-	6,954	773	7,852	7,260	
Postage	-	-	1,727	1,415	3,142	2,507	
Printing	-	-	1,564	909	2,473	5,541	
Property tax	8,338	16,860	-	-	8,338	16,860	
Recreation and client services	365	3,945	-	-	365	3,945	
Rent	98,050	95,550	34,830	3,870	133,750	133,050	
Repairs & maintenance	12,313	19,199	240	-	12,553	19,376	
Supplies	22,254	17,963	-	-	22,254	17,963	
Utilities	39,866	38,007	7,370	819	48,055	46,858	
Total Other Expenses	257,430	253,182	68,657	8,428	334,515	338,982	
Total Operating Expenses	\$ 762,418	\$ 647,873	\$ 182,549	\$ 22,862	\$ 967,829	\$ 863,064	

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

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018

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, 2019 AND 2018

3. INVESTMENTS

Investments held by Momma's on December 31, 2019 and 2018, at fair value, consist of the following:

	<u>Quoted Market Price For Asset (Level 1)</u>	
	<u>2019</u>	<u>2018</u>
Mutual Funds	\$ 8,105	\$ 6,337
Common Stocks	<u>65,935</u>	<u>33,900</u>
	<u>\$ 74,040</u>	<u>\$ 40,237</u>

Investment return consists of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest & dividend income	\$ 3,425	\$ 1,740
Unrealized (loss)/gain on securities	<u>18,248</u>	<u>(6,615)</u>
	<u>\$ 21,673</u>	<u>\$ (4,895)</u>

4. PROPERTY AND EQUIPMENT, NET

	<u>2019</u>	<u>2018</u>
Furniture and fixtures	\$ 17,191	\$ 17,191
Equipment	13,123	13,123
Leasehold improvements	49,998	49,998
Residential homes & improvements	<u>598,496</u>	<u>598,496</u>
	678,808	678,808
Less: accumulated depreciation	<u>(192,100)</u>	<u>(173,108)</u>
Property and equipment, net	<u>\$ 486,708</u>	<u>\$ 505,700</u>

Depreciation expense was \$18,992 for the year ended December 31, 2019.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Purchase of residential home	<u>\$ 199,450</u>	<u>199,450</u>

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, 2019 and 2018, Momma's received the following in-kind contributions that have been reflected in the financial statements:

	<u>2019</u>	<u>2018</u>
Special events	\$ 29,897	\$ 23,942
Food and supplies	<u>27,000</u>	<u>25,000</u>
Total in-kind contributions	<u>\$ 56,897</u>	<u>\$ 48,942</u>

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 February 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, 2019 and 2018.

MOMMA'S, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 \$38,700 and \$37,500 for the years ended December 31, 2019 and 2018, respectively under the agreement.

Future lease payments for the above facilities are:

2020	68,700
2021	69,900
2022	71,100
2023	72,300
	<u>\$ 282,000</u>

Momma's leases a residential home in Hempstead, NY on a month to month basis. Rent expense was \$33,000 and \$33,000 for each of the years ended December 31, 2019 and 2018, 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 \$36,250 and \$33,750 under the agreement for the program for the years ended December 31, 2019 and 2018, 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, 2019 AND 2018

Momma's also had a grant agreement with HUD to provide housing for unwed mothers and their children. Momma's was granted \$0 and \$18,293 under the agreement in the years ended December 31, 2019 and 2018, respectively.