

My Good Deed dba 9/11 Day
(A Nonprofit Organization)

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

Year Ended
December 31, 2018



My Good Deed dba 911 Day

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
My Good Deed dba 9/11 Day

We have audited the accompanying financial statements of My Good Deed dba 9/11 Day (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, 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.

Basis for Qualified Opinion

As more fully described in Note 8 to the financial statements, the Organization has not recorded in-kind contributions and expenses related to donated media received. In our opinion, such contributions should be measured at fair market value and recorded as in-kind contributions and as a related asset or expense in the period received in order to conform with accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of My Good Deed dba 9/11 Day as of December 31, 2018, 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.

A handwritten signature in black ink, appearing to read "HMWC", is positioned above the printed name of the firm.

HMWC CPA's & Business Advisors
Tustin, California

August 14, 2019

My Good Deed dba 9/11 Day
STATEMENT OF FINANCIAL POSITION
December 31, 2018

ASSETS

Current assets

Cash	\$ 293,697
Pledges, grants and program receivables	33,694
Prepaid expenses and other current assets	<u>7,823</u>
Total current assets	<u>335,214</u>

Property and equipment

Website	100,875
Furniture and fixtures	<u>3,973</u>
	104,848
Less accumulated depreciation and amortization	<u>(64,829)</u>
Total property and equipment	<u>40,019</u>

Total assets	<u>\$ 375,233</u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 13,685
Accrued expenses	<u>41,908</u>
Total current liabilities	55,593

Net assets

Without donor restrictions	<u>319,640</u>
Total liabilities and net assets	<u>\$ 375,233</u>

The accompanying notes are an integral part of these financial statements.

My Good Deed dba 9/11 Day
STATEMENT OF ACTIVITIES
December 31, 2018

Revenues and Support

Contributions	\$ 590,706
Federal grants	432,502
Non-federal grants	290,000
In-kind donated services	55,000
Interest and dividend income	<u>784</u>
 Total revenues and support	 <u>1,368,992</u>

Expenses

Program services	<u>1,210,602</u>
 Supporting services	
Management and general	120,579
Fundraising	<u>92,108</u>
	<u>212,687</u>
 Total expenses	 <u>1,423,289</u>

Change in net assets without donor restrictions	(54,297)
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Net assets, beginning of year	<u>373,937</u>
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Net assets, end of year	<u><u>\$ 319,640</u></u>
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The accompanying notes are an integral part of these financial statements.

My Good Deed dba 9/11 Day
STATEMENT OF FUNCTIONAL EXPENSES
December 31, 2018

		<u>Supporting Services</u>		
	Program Services	Management and General	Fundraising	Total
Bank fees	\$ -	\$ 874	\$ -	\$ 874
Depreciation and amortization	28,390	1,219	-	29,609
Equipment rental	-	900	-	900
Insurance	-	2,331	-	2,331
Management fee	47,099	5,050	2,525	54,674
Miscellaneous	1,401	2,141	3,605	7,147
Payroll	153,913	22,686	67,012	243,611
Postage and shipping	718	91	23	832
Printing and publication	-	313	340	653
Professional fees	500	47,247	-	47,747
Program grants	779,246	-	-	779,246
Program implementation	97,078	-	-	97,078
Program marketing	61,621	-	-	61,621
Rent	-	31,011	-	31,011
Subscriptions	-	3,493	-	3,493
Supplies	314	578	713	1,605
Taxes	-	1,161	-	1,161
Telephone	133	75	235	443
Travel	31,856	1,409	17,655	50,920
Website maintenance	8,333	-	-	8,333
Totals	\$ 1,210,602	\$ 120,579	\$ 92,108	\$ 1,423,289

The accompanying notes are an integral part of these financial statements.

My Good Deed dba 9/11 Day
STATEMENT OF CASH FLOWS
December 31, 2018

Cash flows from operating activities

Change in net assets	\$ (54,297)
Adjustments to reconcile change in net assets used in operating activities	
Depreciation and amortization	29,609
(Increase) in	
Pledges, grants and program receivables	(32,194)
Prepaid expenses and other current assets	(2,965)
Increase in	
Accounts payable	10,837
Accrued expenses	<u>33,684</u>
Net cash flows used in operating activities	<u>(15,326)</u>

Cash flows from investing activities

Purchase of property and equipment	<u>(25,019)</u>
Net cash flows used in investing activities	<u>(25,019)</u>

Net change in cash	\$ (40,345)
Cash, beginning of year	<u>334,042</u>
Cash, end of year	<u><u>\$ 293,697</u></u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION

My Good Deed (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, education 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

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

The Organization’s unspent contributions are reported in net assets with donor restrictions if the donor limited their use, or are promised contributions that are not yet due. Contributions of property and equipment, or cash restricted to acquisition of property and equipment, are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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 revenues and expenses during the reporting period. On an ongoing basis, management evaluates estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstance, however actual results could differ from those estimates.

Contributions, Pledges and Grants

Contributions and pledges are recognized when a donor makes a promise to the Organization that is, in substance, unconditional. Contributions that are restricted by a donor are reported as increases in net assets without donor restrictions if the restriction expires in the same year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions and are reclassified to net assets without donor restrictions when the restriction expires. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization has been awarded federal grants from the Corporation for National and Community Service. The Organization also performs similar services under non-federal contracts with various entities. The grants are considered to be exchange transactions. Revenues from reimbursement-type grants are recognized in the month the related reimbursable expenses are incurred. Revenues from fixed-price grants are recognized upon satisfaction of all significant contract terms and deliverables.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Facilities and Services

Donated facilities have been included in the accompanying financial statements where estimates of market value were available to measure the value. Donated services are recognized when a non-financial asset is created or specialized skill is 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 expenses has not been included in the accompanying financial statements except to the extent such services meet the criteria as set forth above. During the year ended December 31, 2018, the Organization received donated facilities with a fair value of \$55,000 for donated venue space.

Pledges, Grants and Program Receivables

Pledges, grants, and program receivables are reported at the donors' and grantors' outstanding balances less any allowance for doubtful accounts. The Organization does not accrue interest on overdue receivables.

The Organization uses the allowance method to determine uncollectible, unconditional pledges and grants receivable. The reserve is based on managements' analysis of specific pledges and grants made. All pledges are expected to be received within one year. As of December 31, 2018, management has determined no allowance for doubtful accounts is necessary.

Property and Equipment

Property and equipment are stated at cost or at fair value (if contributed). The Organization charges depreciation and amortization to operations using the straight-line method over the estimated useful lives of the principal classes of property, as follows:

Website	3 years
Furniture and fixtures	3 years

For the year ended December 31, 2018, depreciation and amortization expense was \$29,609.

Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs were charged to expense as incurred. At the time of retirement or disposition of property and equipment, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is reflected in the results of operations.

Recoverability of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever circumstances indicate that the future cash flows might be less than the assets' net carrying value. In such circumstance, an impairment loss will be recognized by the amount of the assets' net carrying value that exceeds their fair value. As of December 31, 2018, management believes no indicators existed which would require an impairment to be recorded.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements

The fair value hierarchy established by ASC 820 prioritizes the use of inputs used in valuation techniques into the following three levels:

- o Level 1 inputs are observable quoted prices in active markets for identical assets or liabilities
- o Level 2 inputs are observable, either directly or indirectly, but are not Level 1 inputs
- o Level 3 inputs are unobservable

US GAAP regarding fair value disclosures of financial instruments requires disclosure of fair value information about certain financial instruments for which it is practical to estimate that value. The carrying amounts reported in the Organization's balance sheet for cash, pledges, grants and program receivables, accounts payable, and accrued expenses approximate fair value due to the short maturity of these financial instruments and are all classified as Level 1 of the fair value hierarchy. In addition, the Organization has no financial instruments not measured at fair value. Considerable judgment is required to develop such estimates of fair value. Accordingly, such estimates would not necessarily be indicative of the amounts that could be realized in the current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The Organization expenses advertising and program marketing costs as incurred. For the year ended December 31, 2018, program marketing expenses totaled \$61,621.

Change in Accounting Principle

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958)—Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 10).

NOTE 3 – CONCENTRATIONS OF RISK

Cash

The Organization maintains its cash balances in two financial institutions that from time to time exceed amounts insured by the Federal Deposit Insurance Corporation (“FDIC”), up to \$250,000 for interest-bearing and non-interest-bearing accounts per bank. As of December 31, 2018, the Organization had no deposits in excess of federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Major Donors

As of December 31, 2018, two donors represented 92% of gross pledges, grants and program receivables. For the year ended December 31, 2018, one donor represented 32% of the Organization's total revenues and support.

NOTE 4 – RELATED PARTY TRANSACTIONS

The Organization pays fees to a company owned by the Vice-President for managing its operations and providing administrative services. The agreement calls for base fees of \$4,166, plus direct expenses and a partial reimbursement for health insurance. Total management fees paid under this agreement during 2018 totaled \$54,674.

NOTE 5 – INCOME TAXES

The Organization has been granted tax exempt status from the Internal Revenue Service, pursuant to Internal Code Section 501 (c)(3), and the State of California.

No provision for income tax liability is required in the financial statements.

The Organization's federal information returns (and income tax returns if applicable) are subject to examination by taxing authorities three years from the due date of the return or the date of filing, whichever is later. The state returns are subject to examination by taxing authorities four years from the due date of the return or the date of filing, whichever is later.

NOTE 6 – FUNCTIONAL EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the accompanying statement of activities and the statement of functional expenses. The statement of functional expenses presented the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, which are allocated on square footage basis, as well as personnel costs, professional fees, office expenses, information technology, insurance and other, which are allocated on the basis of estimates of time and effort.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Operating Leases

The Organization leases certain office and storage space under month-to-month lease agreements. For the year ended December 31, 2018, rent expense totaled \$31,011.

Litigation

The Organization, from time to time, is involved in certain legal matters which arise in the normal course of operations. Management believes, based in part on the advice of legal counsel, that the resolution to such matters will not have material adverse effect on the financial position of the Organization.

NOTE 8 – BASIS FOR QUALIFIED OPINION

To help build public awareness and participation in 9/11 Day, the Organization receives donated media from various radio networks and other media organizations to air video, digital, and audio public service advertising provided for by the Organization. The Organization does not track and value such transactions and as such they are not recorded in the accompanying financial statements. US GAAP requires that intangible gifts in-kind are to be recorded as contributions and as a related asset or expense in the period received. The effect of undetected misstatements arising from this matter cannot be estimated.

NOTE 9 – FUND-RAISING EXPENSE

Total fund-raising expense for the year ended December 31, 2018 was approximately \$92,108. Fund-raising expenses related to the annual 9/11 Day events totaled 7% of the total annual 9/11 Day revenues and support.

My Good Deed dba 9/11 Day
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 10 – LIQUIDITY

The following reflects the Organizations financial assets as December 31, 2018. As of December 31, 2018, there are no amounts not available for general use because of contractual or donor-imposed restrictions within one year.

Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 327,391</u>
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As part of the Organization's liquidity management, the Organization uses cash budgeting techniques to help forecast cash disbursements and collections.

NOTE 11 – SUBSEQUENT EVENTS

Management has evaluated all activity through August 14, 2019 (the date the financial statements were available to be issued) and concluded that no other subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to financial statements.