

Maternity Care Coalition

Financial Statements
Year Ended June 30, 2020



1835 Market Street, 3rd Floor
Philadelphia, PA 19103

215/567-7770 | bbdcpa.com

MATERNITY CARE COALITION

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Maternity Care Coalition
Philadelphia, Pennsylvania**

We have audited the accompanying financial statements of Maternity Care Coalition (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards. 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.

Report on Summarized Comparative Information

We have previously audited Maternity Care Coalition's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 8, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maternity Care Coalition as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

BBD, LLP.

Philadelphia, Pennsylvania
March 19, 2021

MATERNITY CARE COALITION

STATEMENT OF FINANCIAL POSITION

June 30, 2020 with comparative totals for 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| Cash | \$ 2,675,594 | \$ 967,440 |
| Grants and contracts receivable | 1,614,987 | 1,305,604 |
| Contributions receivable | 984,319 | 142,041 |
| Prepaid expenses and other assets | 130,376 | 163,209 |
| Property and equipment, net | 322,319 | 439,930 |
| Deposits | <u>81,303</u> | <u>73,239</u> |
| Total assets | <u>\$ 5,808,898</u> | <u>\$ 3,091,463</u> |
| LIABILITIES | | |
| Loan payable - Paycheck Protection Program | \$ 1,421,300 | \$ - |
| Accounts payable and accrued expenses | <u>851,455</u> | <u>431,105</u> |
| Total liabilities | <u>2,272,755</u> | <u>431,105</u> |
| NET ASSETS | | |
| Without donor restrictions | 1,612,212 | 1,619,585 |
| With donor restrictions | <u>1,923,931</u> | <u>1,040,773</u> |
| Total net assets | <u>3,536,143</u> | <u>2,660,358</u> |
| Total liabilities and net assets | <u>\$ 5,808,898</u> | <u>\$ 3,091,463</u> |

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF ACTIVITIES

Year ended June 30, 2020 with comparative totals for 2019

| | Without | With | Totals | |
|--|-----------------------|-----------------------|---------------------|---------------------|
| | Donor Restrictions | Donor Restrictions | 2020 | 2019 |
| REVENUE AND SUPPORT | | | | |
| Grants and contracts | \$ 9,548,553 | \$ 2,405,192 | \$ 11,953,745 | \$ 9,591,604 |
| Contributions | 381,541 | - | 381,541 | 352,001 |
| In-kind contributions | - | - | - | 166,885 |
| Interest and other income | 22,658 | - | 22,658 | 98,259 |
| Gain on sale of property and equipment | 18,815 | - | 18,815 | - |
| | <u>9,971,567</u> | <u>2,405,192</u> | <u>12,376,759</u> | <u>10,208,749</u> |
| Net assets released from restrictions | <u>1,522,034</u> | <u>(1,522,034)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>11,493,601</u> | <u>883,158</u> | <u>12,376,759</u> | <u>10,208,749</u> |
| EXPENSES | | | | |
| Program services | | | | |
| MOMobile® | 5,106,515 | - | 5,106,515 | 3,907,003 |
| Early Head Start | 3,891,443 | - | 3,891,443 | 4,209,259 |
| Cribs for Kids | 496,490 | - | 496,490 | 473,210 |
| Other programs | 916,705 | - | 916,705 | 993,328 |
| Total program services | <u>10,411,153</u> | <u>-</u> | <u>10,411,153</u> | <u>9,582,800</u> |
| Supporting services | | | | |
| Management and general | 893,452 | - | 893,452 | 657,318 |
| Fundraising | 196,369 | - | 196,369 | 435,965 |
| Total supporting services | <u>1,089,821</u> | <u>-</u> | <u>1,089,821</u> | <u>1,093,283</u> |
| Total expenses | <u>11,500,974</u> | <u>-</u> | <u>11,500,974</u> | <u>10,676,083</u> |
| CHANGE IN NET ASSETS | (7,373) | 883,158 | 875,785 | (467,334) |
| NET ASSETS | | | | |
| Beginning of year | <u>1,619,585</u> | <u>1,040,773</u> | <u>2,660,358</u> | <u>3,127,692</u> |
| End of year | <u>\$ 1,612,212</u> | <u>\$ 1,923,931</u> | <u>\$ 3,536,143</u> | <u>\$ 2,660,358</u> |

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2020 with comparative totals for 2019

| | Program Services | | | | | Supporting Services | | | Totals | |
|--|---------------------|---------------------|-------------------|-------------------|------------------------|------------------------|-------------------|---------------------|----------------------|----------------------|
| | MOMobile® | Early Head Start | Cribs For Kids | Other Programs | Total Program Services | Management and General | Fund-Raising | Supporting Services | 2020 | 2019 |
| | | | | | | | | | | |
| Salaries | \$ 3,116,119 | \$ 2,127,659 | \$ 234,948 | \$ 579,245 | \$ 6,057,971 | \$ 526,363 | \$ 16,051 | \$ 542,414 | \$ 6,600,385 | \$ 5,660,121 |
| Payroll taxes and employee benefits | 634,212 | 500,785 | 37,617 | 116,118 | 1,288,732 | 108,451 | 1,713 | 110,164 | 1,398,896 | 1,336,582 |
| Total salaries and related expenses | 3,750,331 | 2,628,444 | 272,565 | 695,363 | 7,346,703 | 634,814 | 17,764 | 652,578 | 7,999,281 | 6,996,703 |
| Professional fees and outside services | 209,336 | 403,029 | 23,174 | 71,596 | 707,135 | 120,681 | 46,110 | 166,791 | 873,926 | 979,401 |
| Office supplies | 78,701 | 39,595 | 5,056 | 10,311 | 133,663 | 16,100 | 5,304 | 21,404 | 155,067 | 68,347 |
| Telephone | 79,825 | 54,069 | 5,321 | 16,431 | 155,646 | 10,412 | 297 | 10,709 | 166,355 | 147,844 |
| Staff development | 166,863 | 44,952 | 676 | 17,399 | 229,890 | 15,633 | 15 | 15,648 | 245,538 | 170,190 |
| Postage | 7,635 | 5,576 | 102 | 975 | 14,288 | 3,499 | 1,508 | 5,007 | 19,295 | 20,987 |
| Rent and utilities | 299,395 | 427,262 | 29,791 | 49,367 | 805,815 | 61,904 | 3,534 | 65,438 | 871,253 | 823,375 |
| Printing and publications | 32,216 | 22,842 | 1,229 | 5,948 | 62,235 | 1,741 | 14,384 | 16,125 | 78,360 | 60,841 |
| Travel and vehicle | 216,325 | 59,920 | 15,693 | 13,021 | 304,959 | 4,003 | 182 | 4,185 | 309,144 | 283,520 |
| Program supplies and materials | 30,370 | 94,861 | 130,016 | 8,233 | 263,480 | 184 | 557 | 741 | 264,221 | 394,503 |
| Insurance | 63,364 | 26,643 | 6,605 | 2,023 | 98,635 | 1,466 | 247 | 1,713 | 100,348 | 103,557 |
| Meetings and special events | 18,638 | 10,373 | 757 | 6,822 | 36,590 | 970 | 35,021 | 35,991 | 72,581 | 99,075 |
| In-kind professional fees and outside services | - | - | - | - | - | - | - | - | - | 96,038 |
| In-kind rent | - | - | - | - | - | - | - | - | - | 70,847 |
| Other | 144,351 | 46,239 | 5,197 | 11,474 | 207,261 | 22,041 | 71,439 | 93,480 | 300,741 | 330,259 |
| Depreciation | 9,165 | 27,638 | 308 | 7,742 | 44,853 | 4 | 7 | 11 | 44,864 | 30,596 |
| Total other expenses | 1,356,184 | 1,262,999 | 223,925 | 221,342 | 3,064,450 | 258,638 | 178,605 | 437,243 | 3,501,693 | 3,679,380 |
| Total expenses | \$ 5,106,515 | \$ 3,891,443 | \$ 496,490 | \$ 916,705 | \$ 10,411,153 | \$ 893,452 | \$ 196,369 | \$ 1,089,821 | \$ 11,500,974 | \$ 10,676,083 |

See accompanying notes

MATERNITY CARE COALITION

STATEMENT OF CASH FLOWS

Year ended June 30, 2020 with comparative totals for 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| <i>Change in net assets</i> | \$ 875,785 | \$ (467,334) |
| Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities | | |
| Depreciation | 44,864 | 30,596 |
| Gain on sale of property and equipment | (18,815) | - |
| (Increase) decrease in | | |
| Grants and contracts receivable | (309,383) | (189,517) |
| Contributions receivable | (842,278) | 152,048 |
| Prepaid expenses and other assets | 32,833 | 57,354 |
| Deposits | (8,064) | - |
| Increase (decrease) in | | |
| Accounts payable and accrued expenses | 420,350 | 16,831 |
| Refundable advances | - | (218,877) |
| Net cash provided by (used for) operating activities | <u>195,292</u> | <u>(618,899)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (114,981) | (128,207) |
| Proceeds from sale of property and equipment | <u>206,543</u> | <u>-</u> |
| Net cash provided by (used for) investing activities | <u>91,562</u> | <u>(128,207)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program loan payable | <u>1,421,300</u> | <u>-</u> |
| Net change in cash | 1,708,154 | (747,106) |
| CASH | | |
| Beginning of year | <u>967,440</u> | <u>1,714,546</u> |
| End of year | <u>\$ 2,675,594</u> | <u>\$ 967,440</u> |

See accompanying notes

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(1) NATURE OF OPERATIONS

At Maternity Care Coalition ("**MCC**") we strive to create a world where each child is welcomed, each person is nurtured and achieves one's own full potential, parents and caregivers are empowered to care for themselves and their children and where communities understand and act upon the imperative to provide systematic support. MCC is a nonprofit organization founded in 1980 with the mission to improve the health and wellbeing of pregnant women and parenting families, and enhance school readiness for children 0-3. All of MCC's work, whether direct service, advocacy, research or capacity building, supports our vision of empowerment and equity for all women, children and families.

MCC works primarily with pregnant women, children from birth to three years old and their families in neighborhoods affected by poverty, infant mortality and changing immigration patterns. MCC has developed a community based approach to address the health and related needs of low-income families, and serves as a credible voice for this population "at the table" where public health and social welfare policies are made.

MCC has eleven sites across Philadelphia, Montgomery, Delaware and Bucks counties. MCC's Advocates (direct service staff members) provide home visiting services to at-risk families, employing an outreach strategy built on mutual trust, respect and language/cultural competency.

The MOMobile® program empowers pregnant women and families to overcome daily challenges to achieve better maternal health and healthy child development. Staff review client needs and work together to create an individualized set of goals. Regularly scheduled home visits, with additional face-to-face and telephone contacts, ensure that women have the resources, knowledge and support needed to build a healthy foundation. Clients also receive referrals to community-based resources and parenting education. Several MOMobile® sites offer the evidence-based Healthy Families America program and the federally funded Healthy Start program.

The Early Head Start program ("**EHS**"), a comprehensive child development program, offers linguistically and culturally appropriate health, education and social services to income eligible families that include a pregnant woman and/or children, ages 0 to 3. Families receive child-centered services in their home or a childcare center. EHS's family-driven philosophy empowers parents to support and nurture their children, while meeting other critical social and economic goals. MCC currently operates EHS programs in South Philadelphia, Norristown and Pottstown.

The Cribs for Kids program educates parents about safe sleep practices and provides portable cribs for those who cannot afford one.

The ELECT program provides prenatal, parenting, life-skills and prevention education to teens and young adults ages 13-26 through ELECT Teen Parenting and Community Education programs.

The organization is directed by Marianne Fray, MBA, IOM, CAE whose expertise lies in building relationships and coalitions that strengthen communities and drive growth. She is assisted by a senior management team with experience in social work, public health, development, marketing, communications, finance and nonprofit management. Since its founding, MCC has served more than 100,000 mothers and their children.

(2) SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of MCC have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Basis of Presentation

MCC reports information regarding its financial position and activities according to the following classes of net assets:

Without donor restrictions

Net assets that are not subject to donor-imposed restrictions.

With donor restrictions

Net assets that are subject to donor-imposed restrictions that will be satisfied by actions of MCC and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions that require the net assets to be maintained indefinitely while permitting MCC to expend the income generated in accordance with the provisions of the contribution. MCC did not have this type of net assets with donor restrictions at June 30, 2020.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with MCC's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Revenue Recognition

MCC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation.

A significant portion of MCC's grants and contracts revenue is derived from cost-reimbursement grants and contracts which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when MCC has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. MCC was awarded cost-reimbursable grants of approximately \$3.2 million that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been incurred. Contracts with fee-for-service based revenue has been recognized when services have been provided only to the extent allowed under the contract.

Grants and contracts receivable generally represent amounts due under the terms of the grant and contracts from government sources, for expenditures incurred or services provided prior to year-end and are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history with governmental agencies having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial. MCC does not charge interest on outstanding balances.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Property and Equipment

Property and equipment are stated at cost. MCC capitalizes all expenditures in excess of \$5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Certain property and equipment are purchased with funds received from governmental funding sources. Such assets, or their fair value, may revert to the government in the event the program is terminated before the end of the useful life of the asset. The assets are reflected in the financial statements as acquisitions and are depreciated since it is MCC's intent to continue its programs indefinitely.

In-Kind Contributions and Donated Services

MCC records donated services that create or enhance nonfinancial assets and that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

MCC records the value of contributed goods and rent when there is an objective basis available to measure their value.

Contributed services and rent are included as support in the accompanying statement of activities at their estimated values at the time received.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated based upon the program and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salaries, payroll taxes, employee benefits are allocated on the basis of estimate of time and effort. Insurance, professional services, and expenses related to the main location (Hamilton Street) are allocated based on the number of full-time equivalents (FTE) per program. Other expenses are based on actual costs directly related to the program services categories.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Code Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Generally accepted accounting principles ("**GAAP**") require entities to evaluate, measure, recognize and disclose any uncertain income tax positions taken on their tax returns. GAAP prescribes a minimum recognition threshold that a tax position is required to meet in order to be recognized in the financial statements. MCC believes that it had no uncertain tax positions as defined in GAAP.

Concentration of Credit Risk

Financial instruments which subject MCC to credit risk consist primarily of cash and grants and contracts receivable. MCC maintains cash deposits with banks and at times these may exceed federally-insured limits. Grants and contract receivables consist primarily of amounts due from cost reimbursement contracts with federal, state and city government agencies. Management performs ongoing evaluations of receivables for potential credit losses. Collateral is not required.

Concentration of Revenue

MCC received 41% and 46% of its total revenue and support from the U.S. Department of Health and Human Services for the years ended June 30, 2020 and 2019, respectively.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

Accounting Pronouncements Adopted

In May 2014, the Financial Accounting Standards Board ("**FASB**") issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that an entity recognizes 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 guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. MCC adopted ASU 2014-09 on July 1, 2019 using the modified retrospective method approach.

MCC performed an analysis of revenue streams and transactions under ASU 2014-09, including applying the portfolio approach as a practical expedient to group contracts with similar characteristics such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. The impact of adopting ASU 2014-09 was not material to total revenues without donor restrictions, excess of revenues and gains over expenses and losses, or total net assets. MCC's revenue recognition policies are detailed within Note 2.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This ASU clarifies and improves the scope and accounting guidance for contributions received and made and assists entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions subject to other guidance, and in determining whether a contribution is conditional. MCC adopted ASU 2018-08 on July 1, 2019. The adoption of this standard did not have a material impact on MCC.

(3) GRANTS AND CONTRACTS RECEIVABLE

MCC had the following grants and contracts receivable:

| | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Albert Einstein Healthcare Network | \$ - | \$ 20,000 |
| Bucks County – Healthy Families America | 2,202 | - |
| Bucks County – Office of Children and Youth Services | 4,787 | 1,110 |
| County of Delaware, Office of Children of Youth Services | 963 | 718 |
| City of Philadelphia – Department of Human Services (Safe Sleep/Cribs for Kids) | 122,856 | 86,631 |
| City of Philadelphia – Department of Human Services (HFA) | 126,663 | 16,509 |
| City of Philadelphia – Department of Human Services (Other Programs) | 52,555 | 9,063 |
| City of Philadelphia, Prison System | 52,089 | 31,251 |
| Health Partners Plan | 17,550 | 26,325 |
| Jefferson | - | 31,004 |
| Keystone First | 132,025 | 52,925 |
| Keystone Mercy Health Plan | 6,200 | 17,000 |
| Lenfest Foundation | 140,488 | - |
| Merck for Mothers | - | 300,000 |
| Neshaminy School District | 146,153 | - |
| Other sources | 27,567 | 49,368 |
| PA OCDEL – MIECHV | 166,497 | 111,255 |
| PA Commission on Crime and Delinquency | 67,427 | - |

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

| | | |
|---|--------------------|--------------------|
| United Way of Bucks County | - | 48,750 |
| University of Pennsylvania | 51,947 | 5,290 |
| US Dept. of Agriculture-State of Pennsylvania CACFP Grant | - | 9,662 |
| US Dept. of Health and Human Services – Healthy Start | 321,093 | 149,900 |
| US Dept. of Health and Human Services – Early Head Start | <u>175,925</u> | <u>338,843</u> |
| | <u>\$1,614,987</u> | <u>\$1,305,604</u> |

Grants and contracts receivable are expected to be collected in the year ended June 30, 2021.

(4) CONTRIBUTIONS RECEIVABLE

MCC had the following grants and contracts receivable at June 30, 2020:

| | |
|--|------------------|
| Edna G. Kynett Memorial Foundation | \$ 45,000 |
| Other | 89,837 |
| Pennsylvania Partnerships for Children | 150,000 |
| Pew Center for Art & Heritage | 167,500 |
| Vanguard | 50,000 |
| Will and Jada Smith Foundation | 80,000 |
| William Penn Foundation | <u>401,982</u> |
| | <u>\$984,319</u> |

Contributions receivable are expected to be collected as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------|------------------|------------------|
| Less than one year | \$828,353 | \$ 97,214 |
| One to five years | <u>155,966</u> | <u>44,827</u> |
| | <u>\$984,319</u> | <u>\$142,041</u> |

Pledges receivable are measured at fair value using the income approach using level 2 (other significant observable inputs) valuation inputs. Discount on the present value of the pledges receivable is immaterial.

(5) PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 87,912 | \$ 87,912 |
| Building | - | 210,000 |
| Leasehold improvements | 328,124 | 313,123 |
| Furniture and equipment | <u>687,064</u> | <u>587,084</u> |
| | 1,103,100 | 1,198,119 |
| Less accumulated depreciation | <u>(780,781)</u> | <u>(758,189)</u> |
| | <u>\$ 322,319</u> | <u>\$ 439,930</u> |

In 2020, MCC sold its Doylestown property for a gain on \$18,815.

MATERNITY CARE COALITION

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

(6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are as follows:

| | <u>June 30,</u> <u>2019</u> | <u>Additions</u> | <u>Releases</u> | <u>June 30,</u> <u>2020</u> |
|------------------------------|--------------------------------|--------------------|----------------------|--------------------------------|
| Cribs for Kids | \$ 1,458 | \$ 2,088 | \$ - | \$ 3,546 |
| Early Head Start | 267,363 | 952,000 | (524,794) | 694,569 |
| Safe Start/Merck for Mothers | 227,781 | - | (227,781) | - |
| MOMobile® | 150,823 | 783,114 | (404,149) | 529,788 |
| Other programs | 198,087 | 628,539 | (289,626) | 537,000 |
| Time restrictions | <u>195,261</u> | <u>39,451</u> | <u>(75,684)</u> | <u>159,028</u> |
| | <u>\$1,040,773</u> | <u>\$2,405,192</u> | <u>\$(1,522,034)</u> | <u>\$1,923,931</u> |

(7) LEASES

MCC leases space in various facilities, vehicles and office equipment under operating leases expiring at various times through January 2028. Scheduled future minimum rentals under these leases are as follows:

Year ending June 30,

| | |
|------------|--------------------|
| 2021 | \$ 767,634 |
| 2022 | 501,330 |
| 2023 | 284,199 |
| 2024 | 198,978 |
| 2025 | 108,132 |
| Thereafter | <u>293,502</u> |
| | <u>\$2,153,775</u> |

Rental expense under the leases was \$907,603 and \$862,947 for the years ended June 30, 2020 and 2019, respectively.

(8) EMPLOYEE BENEFIT PLAN

MCC has a 403(b) plan for its employees. Employees may contribute a percentage of their salary, up to federal limits. MCC matches employee contributions up to 2% of employees' annual salaries. For the years ended June 30, 2020 and 2019, employer contributions to the plan were \$44,422 and \$45,570, respectively.

(9) LINE OF CREDIT

MCC has an \$800,000 bank line of credit which is to mature on April 30, 2021. The line bears interest at the prime rate (3.25% at June 30, 2020). There were no advances outstanding on the line at June 30, 2020.

(10) LOAN - PAYCHECK PROTECTION PROGRAM

On April 15, 2020, MCC received loan proceeds in the amount of \$1,421,300 under the Paycheck Protection Program ("**PPP**"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("**Cares Act**"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period.

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NOTES TO FINANCIAL STATEMENTS

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To the extent that MCC is not granted forgiveness, MCC will be required to pay interest on the PPP loan at a rate of 1% per annum. If the application for forgiveness is not made within 10 months of the end of the covered period, payments of principal and interest will be required through the maturity date of April 15, 2022. The terms of the loan provide for customary events of default including payment defaults, breach of representation of warranties and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

(11) LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects MCC's financial assets as of the statement of financial position date, which has been reduced by financial assets not available within one year.

| | |
|--|---------------------|
| Cash | \$ 2,675,594 |
| Grants and contracts receivable | 1,614,987 |
| Contributions receivable | <u>984,319</u> |
| Total financial assets | 5,274,900 |
| Less: financial assets not available for general operations within one year | |
| Restricted by donor for specific purposes or periods | <u>(1,923,931)</u> |
| Total financial assets available within one year | <u>\$ 3,350,969</u> |

Liquidity Management

MCC regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. MCC has various sources of liquidity at its disposal, including cash, money market funds and a line of credit (**See Note 9**).

(12) SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 19, 2021, the date on which the financial statements were available to be issued. The extent of the impact of COVID-19 on MCC's operational and financial performance will depend on further developments, including the duration and spread of the outbreak, all of which cannot be predicted at this time. No other material subsequent events have occurred since June 30, 2020 that required recognition or disclosure in the financial statements.