

## FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED FINANCIAL  
INFORMATION FOR 2019**

# PROGRESSIVE MULTIPLIER FUND

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## CPAs & ADVISORS

### INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Progressive Multiplier Fund  
Washington, D.C.

We have audited the accompanying financial statements of the Progressive Multiplier Fund (PMF), which comprise the statement of financial position as of June 30, 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 of America.

#### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PMF as of June 30, 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.

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### **Report on Summarized Comparative Information**

We have previously audited PMF's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 6, 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.

*Gelman Rosenberg & Freedman*

May 20, 2021

**PROGRESSIVE MULTIPLIER FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

<b>ASSETS</b>		<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$	638,015	\$ 71,049
Grants receivable		773,000	38,400
Due from related parties		-	61,417
Prepaid expenses		<u>4,446</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>1,415,461</u></b>	<b>\$ <u>170,866</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued liabilities	\$	58,548	\$ 58,529
Due to related parties		<u>321,216</u>	<u>-</u>
Total liabilities		<u>379,764</u>	<u>58,529</u>
<b>NET ASSETS</b>			
Without donor restrictions		258,284	87,674
With donor restrictions		<u>777,413</u>	<u>24,663</u>
Total net assets		<u>1,035,697</u>	<u>112,337</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>1,415,461</u></b>	<b>\$ <u>170,866</u></b>

## PROGRESSIVE MULTIPLIER FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020  
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Grants and contributions	\$ 820,146	\$ 875,000	\$ 1,695,146	\$ 815,000
Interest	807	-	807	3,244
Net assets released from donor restrictions	<u>122,250</u>	<u>(122,250)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>943,203</u>	<u>752,750</u>	<u>1,695,953</u>	<u>818,244</u>
<b>EXPENSES</b>				
Program Services	<u>212,235</u>	<u>-</u>	<u>212,235</u>	<u>293,141</u>
Supporting Services:				
Management and General	213,224	-	213,224	144,548
Fundraising	<u>347,134</u>	<u>-</u>	<u>347,134</u>	<u>268,218</u>
Total supporting services	<u>560,358</u>	<u>-</u>	<u>560,358</u>	<u>412,766</u>
Total expenses	<u>772,593</u>	<u>-</u>	<u>772,593</u>	<u>705,907</u>
Change in net assets	170,610	752,750	923,360	112,337
Net assets at beginning of year	<u>87,674</u>	<u>24,663</u>	<u>112,337</u>	<u>-</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 258,284</u></b>	<b><u>\$ 777,413</u></b>	<b><u>\$ 1,035,697</u></b>	<b><u>\$ 112,337</u></b>

**PROGRESSIVE MULTIPLIER FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020			2019		
	Program Services	Supporting Services		Total Expenses	Total Expenses	
		Management and General	Fundraising			Total Supporting Services
Wages and salaries	\$ 117,937	\$ 67,670	\$ 233,523	\$ 301,193	\$ 419,130	\$ 191,797
Management fee	4,482	8,964	76,198	85,162	89,644	42,256
Test and Innovation grant expense	55,000	-	-	-	55,000	113,928
Recoverable grant expense	-	-	-	-	-	70,000
Consulting and accounting	-	28,806	15,122	43,928	43,928	138,002
Dues an subscriptions	27,405	1	3,113	3,114	30,519	44,324
Administrative fees	-	24,000	-	24,000	24,000	32,600
Rent	4,546	6,819	6,819	13,638	18,184	19,173
Legal services	1,860	9,889	1,840	11,729	13,589	23,058
Advertising	-	12,328	-	12,328	12,328	851
Office expenses	509	40,991	583	41,574	42,083	1,648
Travel	-	2,360	3,040	5,400	5,400	26,312
Insurance	-	5,393	-	5,393	5,393	325
Other expenses	-	5,080	-	5,080	5,080	-
Business licenses and fees	-	-	4,915	4,915	4,915	-
Conferences and events	375	-	1,133	1,133	1,508	-
Meals and entertainment	121	328	848	1,176	1,297	972
Bank service charges	-	595	-	595	595	661
<b>TOTAL</b>	<b>\$ 212,235</b>	<b>\$ 213,224</b>	<b>\$ 347,134</b>	<b>\$ 560,358</b>	<b>\$ 772,593</b>	<b>\$ 705,907</b>

See accompanying notes to financial statements.

**PROGRESSIVE MULTIPLIER FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**  
**WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 923,360	\$ 112,337
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Grants receivable	(734,600)	(38,400)
Due from related parties	61,417	(61,417)
Prepaid expenses	(4,446)	-
Increase in:		
Accounts payable and accrued liabilities	19	58,529
Deferred rent abatement	<u>321,216</u>	<u>-</u>
Net cash provided by operating activities	<u>566,966</u>	<u>71,049</u>
Net increase in cash and cash equivalents	566,966	71,049
Cash and cash equivalents at beginning of year	<u>71,049</u>	<u>-</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 638,015</u></b>	<b><u>\$ 71,049</u></b>



**PROGRESSIVE MULTIPLIER FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**

Organization -

The Progressive Multiplier Fund (PMF) is a 501 (c)(3) non-profit organization, incorporated and located in the District of Columbia. PMF was organized to support charitable organizations to do effective community outreach and revenue generation.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with the 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.

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 the PMF's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

The accompanying financial statements represent the activity of PMF only. For the year ended June 30, 2020, the financial statements of PMAF have been combined with PMF in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation*. The consolidated financial statements are available at PMF's headquarters.

New accounting pronouncement adopted -

During 2020, PMF 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. PMF adopted the ASU using a modified prospective basis.

**PROGRESSIVE MULTIPLIER FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

Cash and cash equivalents -

PMF 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 year, PMF maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Grants receivable -

Grants 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.

Income taxes -

PMF is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. PMF is not a private foundation.

Uncertain tax positions -

For the year ended June 30, 2020, PMF 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.

Grants and contributions -

The majority of PMF's activities are supported by grants and contributions from foundations, corporations and other private entities. Grants and contributions are recognized in the appropriate category of net assets in the period received. PMF performs an analysis of the individual grant and contribution to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transactions are deemed reciprocal or nonreciprocal under ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For grants and contributions 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. Grants and contributions that are unconditional and 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. PMF had no unrecognized conditional awards as of June 30, 2020.

**PROGRESSIVE MULTIPLIER FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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 PMF 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.

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 PMF's operations. The overall potential impact is unknown at this time.

New accounting pronouncement not yet adopted -

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.

PMF plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption methods and the impact of the new standards on its accompanying financial statements.

**2. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2020:

Subject to expenditure for specified purpose:	
Environmental Justice	\$ 577,413
Subject to passage of time	<u>200,000</u>
<b>TOTAL NET ASSETS WITH DONOR RESTRICTIONS</b>	<b><u>\$ 777,413</u></b>

**PROGRESSIVE MULTIPLIER FUND**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**2. NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

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:

Purpose restrictions accomplished:	
Center of Excellence	\$ 24,663
Environmental Justice	47,587
Social Justice	<u>50,000</u>
<b>NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 122,250</u></b>

**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 cash equivalents	\$ 638,015
Grants receivable	<u>773,000</u>
Subtotal financial assets available within one year	1,411,015
Less: Donor restricted funds	<u>(577,413)</u>
<b>FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR</b>	<b><u>\$ 833,602</u></b>

PMF has a policy to structure its financial assets to be available and liquid as its obligations become due. As of June 30, 2020, PMF had financial assets equal to approximately thirteen months of operating expenses.

**4. FISCAL SPONSORSHIP AGREEMENT**

During 2019, PMF entered into a fiscal sponsorship agreement with The Center for Community Change (dba Community Change). The fiscal sponsorship agreement required Community Change to receive donations on behalf of PMF and to disburse these monies as grants at Community Change's discretion upon request of PMF. During the year ended June 30, 2020, Community Change collected approximately \$850,000 of funds on behalf of PMF and charged administrative fees of \$24,000.

**5. RELATED PARTIES**

PMF is related to Progressive Power Lab, LLC (PPL). PPL provides management and marketing services to nonprofit and for-profit organizations working to realize democracy, achieve justice, and restore our environment. Several members of PPL's leadership team also serve as officers of PMF. PPL does not have a Board of Directors so there is no board overlap with PMF.

Effective July 17, 2018, PMF entered into a management services agreement with PPL to provide certain management and administrative services including HR, office space, IT, accounting, insurance, legal and tax services. PMF agrees to bear and to pay its allocable share of the costs incurred by PPL, equal to the sum of direct costs plus overhead costs. Direct costs include all internal and external costs incurred by PMF, including salaries and wages related expenses and reimbursable out-of-pocket third-party costs and expenses. Overhead costs include all general overhead and facilities charges (office rent, depreciation, maintenance, utilities and supplies).

**PROGRESSIVE MULTIPLIER FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**5. RELATED PARTIES (Continued)**

As of June 30, 2020, PMF owed \$8,878 to PPL and is included in due to related parties in the accompanying Statement of Financial Position.

PMF is also related to the Progressive Multiplier Action Fund (PMAF), a D.C. incorporated 501(c)(4) non-profit organization that promotes social welfare through financing and providing technical assistance to support scalable revenue generation projects of qualifying non-profit organizations. PMAF and PMF share the same directors/officers.

PMF has a resource sharing and expense reimbursement agreement with the PMAF. Each party is responsible for purchasing its own goods and services for its programs separately. Should either party incur a direct expense on behalf of the other (reimbursing party), the other party shall pay for all direct expenses incurred by the reimbursing party on their behalf. In the event where goods and services are to be shared between the parties, expenses shall be allocated on a percentage basis determined on a year-to-year basis. As of June 30, 2020, PMF owed PMAF a total of \$312,338 for shared expenses and is included in due to related parties in the accompanying Statement of Financial Position.

**6. SUBSEQUENT EVENTS**

In preparing these financial statements, PMF has evaluated events and transactions for potential recognition or disclosure through May 20, 2021, the date the financial statements were issued.