

**MIKVA CHALLENGE GRANT  
FOUNDATION, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

# **MIKVA CHALLENGE GRANT FOUNDATION, INC.**

YEARS ENDED JUNE 30, 2018 AND 2017

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## **Independent Auditors' Report**

Board of Directors  
Mikva Challenge Grant Foundation, Inc.

We have audited the accompanying financial statements of Mikva Challenge Grant Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mikva Challenge Grant Foundation, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Ostrow Reisin Berk & Abrams, Ltd.*

November 27, 2018

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## STATEMENTS OF FINANCIAL POSITION

| June 30,   | 2018                | 2017<br>(As restated) |
|--|---------------------|-----------------------|
| <b>ASSETS</b>  |                     |                       |
| Cash   | \$ 1,240,805        | \$ 1,025,675          |
| Investments  | 1,240,285           | 1,147,446             |
| Grants and pledges receivable  | 1,064,090           | 1,046,686             |
| Other receivables  | 170,730             | 57,987                |
| Prepaid expenses and deposits  | 124,379             | 116,993               |
| Property and equipment, less accumulated depreciation<br>and amortization of \$148,927 and \$129,752 as of<br>June 30, 2018 and 2017, respectively | 71,228              | 24,783                |
| <b>Total assets</b>  | <b>\$ 3,911,517</b> | <b>\$ 3,419,570</b>   |
| <b>LIABILITIES AND NET ASSETS</b>  |                     |                       |
| <b>Liabilities:</b>  |                     |                       |
| Accounts payable and accrued expenses  | \$ 213,564          | \$ 157,344            |
| Deferred rent  | 54,140              | 6,408                 |
| Deferred revenue   | 82,833              |                       |
| <b>Total liabilities</b>   | <b>350,537</b>      | <b>163,752</b>        |
| <b>Net assets:</b>   |                     |                       |
| <b>Unrestricted:</b>   |                     |                       |
| Board-designated endowment funds   | 1,452,860           | 1,345,702             |
| Undesignated   | 684,662             | 529,321               |
| <b>Total unrestricted</b>  | <b>2,137,522</b>    | <b>1,875,023</b>      |
| <b>Temporarily restricted</b>  | <b>1,423,458</b>    | <b>1,380,795</b>      |
| <b>Total net assets</b>  | <b>3,560,980</b>    | <b>3,255,818</b>      |
| <b>Total liabilities and net assets</b>  | <b>\$ 3,911,517</b> | <b>\$ 3,419,570</b>   |

See notes to financial statements.

**MIKVA CHALLENGE GRANT FOUNDATION, INC.**

**STATEMENTS OF ACTIVITIES**

| Years ended June 30,                   | 2018             |                        |                  | 2017 (As restated) |                        |                  |
|--|------------------|------------------------|------------------|--------------------|------------------------|------------------|
|  | Unrestricted     | Temporarily Restricted | Total            | Unrestricted       | Temporarily Restricted | Total            |
| Revenue and support:                   |                  |                        |                  |                    |                        |                  |
| Foundation and corporate grants        | \$ 533,550       | \$ 1,391,272           | \$ 1,924,822     | \$ 470,800         | \$ 1,664,941           | \$ 2,135,741     |
| Individual contributions               | 342,003          | 179,590                | 521,593          | 315,600            | 338,018                | 653,618          |
| Special events:                        |                  |                        |                  |                    |                        |                  |
| Gross proceeds                         | 832,667          |                        | 832,667          | 1,140,852          |                        | 1,140,852        |
| Expenses                               | (114,988)        |                        | (114,988)        | (103,215)          |                        | (103,215)        |
| Contract services revenue              | 866,616          |                        | 866,616          | 601,742            |                        | 601,742          |
| Interest and dividends                 | 32,511           |                        | 32,511           | 28,648             |                        | 28,648           |
| Net realized and unrealized            |                  |                        |                  |                    |                        |                  |
| loss on investments                    | (46,105)         |                        | (46,105)         | (37,730)           |                        | (37,730)         |
| Other income                           | 20,182           |                        | 20,182           | 2,697              |                        | 2,697            |
| Net assets released from restrictions: |                  |                        |                  |                    |                        |                  |
| Satisfaction of restrictions           | 1,528,199        | (1,528,199)            |                  | 1,191,442          | (1,191,442)            |                  |
| <b>Total revenue and support</b>       | <b>3,994,635</b> | <b>42,663</b>          | <b>4,037,298</b> | <b>3,610,836</b>   | <b>811,517</b>         | <b>4,422,353</b> |
| Expenses:                              |                  |                        |                  |                    |                        |                  |
| Program services                       | 3,035,896        |                        | 3,035,896        | 2,713,803          |                        | 2,713,803        |
| Management and general                 | 345,291          |                        | 345,291          | 263,944            |                        | 263,944          |
| Fundraising                            | 350,949          |                        | 350,949          | 456,648            |                        | 456,648          |
| <b>Total expenses</b>                  | <b>3,732,136</b> |                        | <b>3,732,136</b> | <b>3,434,395</b>   |                        | <b>3,434,395</b> |
| Change in net assets                   | 262,499          | 42,663                 | 305,162          | 176,441            | 811,517                | 987,958          |
| Net assets, beginning of year          | 1,875,023        | 1,380,795              | 3,255,818        | 1,698,582          | 569,278                | 2,267,860        |
| Net assets, end of year                | \$ 2,137,522     | \$ 1,423,458           | \$ 3,560,980     | \$ 1,875,023       | \$ 1,380,795           | \$ 3,255,818     |

*See notes to financial statements.*

**MIKVA CHALLENGE GRANT FOUNDATION, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

| Years ended June 30,  | 2018                |                        |                   |                          |                     | 2017                |                        |                   |                          |                     |
|---|---------------------|------------------------|-------------------|--------------------------|---------------------|---------------------|------------------------|-------------------|--------------------------|---------------------|
|   | Program services    | Management and general | Fundraising       | Direct benefit to donors | Total               | Program services    | Management and general | Fundraising       | Direct benefit to donors | Total               |
| Campaign expenses   |                     |                        |                   |                          |                     | \$ 35,934           |                        |                   |                          | \$ 35,934           |
| Depreciation and amortization   | \$ 16,732           | \$ 1,922               | \$ 521            |                          | \$ 19,175           | 23,315              | \$ 875                 | \$ 383            |                          | 24,573              |
| Dues and subscriptions  | 7,035               | 14,923                 | 12,755            |                          | 34,713              | 1,768               | 12,786                 | 8,965             |                          | 23,519              |
| Education and training  | 4,016               | 3,510                  | 1,227             |                          | 8,753               | 3,558               | 1,788                  | 1,656             |                          | 7,002               |
| Equipment and computer expenses   | 17,800              | 10,739                 | 6,151             |                          | 34,690              | 17,017              | 1,709                  | 3,765             |                          | 22,491              |
| Grants, awards and stipends   | 410,475             |                        | 700               |                          | 411,175             | 334,142             |                        |                   |                          | 334,142             |
| Insurance   | 9,256               | 551                    | 1,212             |                          | 11,019              | 10,202              | 554                    | 1,218             |                          | 11,974              |
| Legal and accounting services   | 7,123               | 40,489                 |                   |                          | 47,612              |                     | 55,543                 |                   |                          | 55,543              |
| Miscellaneous and other   | 14,259              |                        | 3,883             | \$ 200                   | 18,342              | 2,506               | 818                    | 2,756             |                          | 6,080               |
| Occupancy   | 143,728             | 9,069                  | 16,746            |                          | 169,543             | 158,794             | 8,782                  | 19,118            |                          | 186,694             |
| Other professional services   | 240,935             | 26,136                 | 45,903            |                          | 312,974             | 37,503              | 7,713                  | 14,020            |                          | 59,236              |
| Payroll taxes and employee benefits   | 287,785             | 29,261                 | 34,302            |                          | 351,348             | 301,658             | 24,103                 | 39,684            |                          | 365,445             |
| Postage and delivery  | 3,035               | 313                    | 829               | 632                      | 4,809               | 2,809               | 286                    | 8,807             |                          | 11,902              |
| Printing and design   | 4,020               | 44                     | 2,889             |                          | 6,953               | 1,686               |                        | 9,231             |                          | 10,917              |
| Publicity and marketing   | 5,578               | 673                    | 22,056            |                          | 28,307              | 7,141               | 34                     | 46,152            |                          | 53,327              |
| Salaries and wages  | 1,439,115           | 181,319                | 173,823           |                          | 1,794,257           | 1,488,768           | 134,411                | 281,213           |                          | 1,904,392           |
| Special events  |                     |                        | 1,911             | 109,628                  | 111,539             |                     |                        | 1,099             | \$ 103,215               | 104,314             |
| Supplies and office expense   | 16,943              | 6,034                  | 7,521             | 900                      | 31,398              | 10,593              | 1,579                  | 10,392            |                          | 22,564              |
| Travel and transportation   | 197,964             | 14,659                 | 17,956            | 3,133                    | 233,712             | 112,308             | 12,213                 | 8,139             |                          | 132,660             |
| Workshops and other program events  | 210,097             | 5,649                  | 564               | 495                      | 216,805             | 164,101             | 750                    | 50                |                          | 164,901             |
| <b>Total expenses</b>   | <b>3,035,896</b>    | <b>345,291</b>         | <b>350,949</b>    | <b>114,988</b>           | <b>3,847,124</b>    | <b>2,713,803</b>    | <b>263,944</b>         | <b>456,648</b>    | <b>103,215</b>           | <b>3,537,610</b>    |
| Less expenses included with revenue and support on the statements of activities       |                     |                        |                   | (114,988)                | (114,988)           |                     |                        |                   | (103,215)                | (103,215)           |
| <b>Total expenses included in the expense section of the statements of activities</b> | <b>\$ 3,035,896</b> | <b>\$ 345,291</b>      | <b>\$ 350,949</b> | <b>\$ -</b>              | <b>\$ 3,732,136</b> | <b>\$ 2,713,803</b> | <b>\$ 263,944</b>      | <b>\$ 456,648</b> | <b>\$ -</b>              | <b>\$ 3,434,395</b> |

*See notes to financial statements.*

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## STATEMENTS OF CASH FLOWS

| Years ended June 30,   | 2018         | 2017         |
|--|--------------|--------------|
| Cash flows from operating activities:  |              |              |
| Change in net assets   | \$ 305,162   | \$ 987,958   |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |              |              |
| Depreciation and amortization  | 19,175       | 24,573       |
| Net realized and unrealized loss on investments  | 46,105       | 37,730       |
| Deferred rent  | 47,732       | 237          |
| (Increase) decrease in operating assets:   |              |              |
| Grants and pledges receivable  | (17,404)     | (647,686)    |
| Other receivables  | (112,743)    | 104,582      |
| Prepaid expenses and deposits  | (7,386)      | (14,934)     |
| Increase in operating liabilities:   |              |              |
| Accounts payable and accrued expenses  | 56,220       | 29,964       |
| Deferred revenue   | 82,833       |              |
| Net cash provided by operating activities  | 419,694      | 522,424      |
| Cash flows from investing activities:  |              |              |
| Purchases of property and equipment  | (65,620)     | (1,194)      |
| Purchases of investments   | (138,944)    | (27,879)     |
| Net cash used in investing activities  | (204,564)    | (29,073)     |
| Net increase in cash   | 215,130      | 493,351      |
| Cash, beginning of year  | 1,025,675    | 532,324      |
| Cash, end of year  | \$ 1,240,805 | \$ 1,025,675 |

See notes to financial statements.



# **MIKVA CHALLENGE GRANT FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

### **1. Organization and operations**

Mikva Challenge Grant Foundation, Inc. (the Foundation) was formed in 1997 to foster and encourage young peoples' interest in politics and civic affairs. The Foundation develops youth to be empowered, informed, and active citizens who will promote a just and equitable society. Through its work, the Foundation looks to build a stronger, inclusive democracy that values youth voice. Its program serves over 20,000 middle and high school age students located in Chicago, Washington D.C. and California, and provides training and materials for educators in action civics in states across the country. Through its Elections, Activism, and Policymaking Programs and Center for Action Civics, the Foundation works with teachers to develop curriculum and implement educational programs which offers students a variety of activities. Students learn about the political process and have the opportunity to participate in political forums, internships, policy councils, leadership and public policy development workshops, voter registration drives, voter education, election judging, polling and research.

### **2. Summary of significant accounting policies**

#### **Basis of accounting:**

The Foundation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of presentation:**

The Foundation reports information regarding its financial position and activities in three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Unrestricted** - Unrestricted net assets are available to finance the general operations of the Foundation. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Foundation, the environment in which it operates and the purposes specified in its Articles of Incorporation. Voluntary resolutions by the Board of Directors to designate a portion of the Foundation's unrestricted net assets for specified purposes do not result in restricted funds. Since designations are voluntary and may be reversed by the Board of Directors at any time, designated net assets are included under the caption "unrestricted net assets." Board-designated net assets include assets over which the Board retains control and may, at its discretion, subsequently use for other purposes. Board-designated net assets represent assets used to fund future special projects or other programs of the Foundation. See Note 5.

# **MIKVA CHALLENGE GRANT FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Basis of presentation: (continued)**

**Temporarily restricted** - Temporarily restricted net assets represent those for which the use by the Foundation has been limited by donors to a specific time period or purpose. See Note 6.

**Permanently restricted** - Permanently restricted net assets (generally referred to as donor-restricted endowment funds) are assets that have donor-imposed restrictions that stipulate that the contributed resources be maintained permanently, but permit the entity to use up all of the income or other economic benefits derived from the donated assets. The Foundation does not have any permanently restricted net assets.

#### **Unrestricted and restricted revenue and support:**

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

#### **Contract services revenue:**

Revenue from contract services is recognized when the services have been performed under the contract.

#### **Expense allocation:**

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

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of significant accounting policies (continued)

#### Expense allocation: (continued)

Expenses incurred for program services were allocated to the following programs during the years ended June 30, 2018 and 2017:

| Years ended June 30,     | 2018         | 2017         |
|--------------------------|--------------|--------------|
| Activism Programs        | \$ 297,105   | \$ 244,774   |
| Center for Action Civics | 1,125,554    | 284,320      |
| Elections Program        | 249,943      | 205,713      |
| Policymaking Programs    | 1,363,294    | 1,978,996    |
| Total                    | \$ 3,035,896 | \$ 2,713,803 |

#### Cash:

The Foundation maintains its cash in bank accounts which, at times, may exceed federally-insured limits. At June 30, 2018 and 2017, cash in excess of these limits totaled approximately \$1,077,000 and \$717,000, respectively. Management believes that the Foundation is not subject to any significant credit risk on cash.

#### Investments:

Investments are carried at fair value based on quoted prices in active markets (all Level 1 measurements meaning inputs to valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access). Realized and unrealized gains and losses are reported in the statements of activities.

#### Grants and pledges receivable:

Grants and pledges receivable consist of unconditional promises to give. Amounts due on dates that are more than one year in the future are recorded net of a present value discount (2.63% and 1.55% at June 30, 2018 and 2017, respectively). The Foundation provides for losses on unconditional promises to give using the allowance method. The allowance is based on experience and knowledge of circumstances that may affect the ability of donors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with agreed upon terms. No allowance for doubtful accounts has been provided as management believes that all unconditional promises to give are fully collectible.

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 2. Summary of significant accounting policies (continued)

#### Grants and pledges receivable: (continued)

Unconditional promises to give consist of the following:

| June 30,           | 2018         | 2017         |
|--------------------|--------------|--------------|
| Amounts due in:    |              |              |
| Less than one year | \$ 779,090   | \$ 478,186   |
| One to five years  | 285,000      | 568,500      |
| Total              | \$ 1,064,090 | \$ 1,046,686 |

#### Other receivables:

Other receivables consist of accounts receivable based on contract services revenue. All amounts are due within one year and are stated at unpaid balances, less an allowance for doubtful accounts, if necessary. The Foundation provides for losses on other receivables using the allowance method. The allowance is based on experience, third-party contracts, and knowledge of circumstances that may affect the ability of contractors to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. At June 30, 2018 and 2017, all amounts are considered fully collectible and an allowance for doubtful accounts is considered unnecessary and is not provided.

#### Property and equipment:

Property and equipment are stated at cost, if purchased or fair value at date of donation, if donated. Depreciation of furniture and equipment is provided over five years using the straight-line method. Amortization of leasehold improvements is provided ratably over the lesser of the term of the lease or the estimated life of the improvements. Major additions and betterments of \$500 or more are capitalized, while maintenance and repairs which do not improve or extend the lives of the respective assets are expensed as incurred.

#### Deferred rent:

The Foundation records monthly rent expense equal to total minimum payments due over the lease term, divided by the number of months in the lease term. The difference between rent expense recorded and the amount paid is charged (credited) to deferred rent which is reflected in the statements of financial position.

# **MIKVA CHALLENGE GRANT FOUNDATION, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

### **2. Summary of significant accounting policies (continued)**

#### **Deferred revenue:**

Contract amounts received by June 30 for services that will not be performed until after June 30 are recognized as deferred revenue in the statements of financial position.

#### **Use of estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

#### **Restatement:**

The statement of financial position as of June 30, 2017 and statement of activities for the year ended June 30, 2017 have been restated to reflect a correction of an error. The correction resulted in a decrease in unrestricted contract services revenue and an increase in temporarily restricted foundation and corporate grants revenue of \$180,500, which resulted in an increase in temporarily restricted net assets and a decrease in unrestricted net assets by the same amount. The restatement had no effect on the total net assets or total change in net assets as previously reported.

#### **Subsequent events:**

Management of the Foundation has reviewed and evaluated subsequent events from June 30, 2018, the financial statement date, through November 27, 2018, the date the financial statements were available to be issued.

### **3. Tax status**

The Foundation is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code (the Code) and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. In addition, the Internal Revenue Service has determined that the Foundation is not a private foundation within the meaning of Section 509(a) of the Code. The Foundation has adopted the requirements for accounting for uncertain tax positions and management has determined that the Foundation was not required to record a liability related to uncertain tax positions as of June 30, 2018 and 2017.

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 4. Investments

Investments consisted of the following, reported at fair value:

| June 30,                                   | 2018         | 2017         |
|--|--------------|--------------|
| Vanguard Intermediate-Term Bond Index Fund | \$ 996,475   | \$ 1,010,493 |
| Vanguard Short-Term Bond Index Fund        | 136,635      | 136,953      |
| Vanguard Short-Term Treasury Index Fund    | 107,175      |              |
| Total investments                          | \$ 1,240,285 | \$ 1,147,446 |

### 5. Board-designated endowment funds

As of June 30, 2018 and 2017, the Foundation has two endowment funds, a general endowment fund and an Ab and Zoe Legacy Fund.

The general endowment fund is designated by the Board of Directors to support the mission of the Foundation including programs at the Washington, D.C. chapter. The Ab and Zoe Legacy Fund is an endowment fund designated by the Board of Directors to support the Elections Program. Since the amounts in the endowment funds resulted from an internal designation and are not donor-restricted, the Board-designated endowment funds are classified and reported as unrestricted net assets.

The Foundation has a spending policy that all or a portion of the income and/or capital appreciation from the endowment funds will be used to support the programs and operating expenses of the Foundation or in the case of the Ab and Zoe Legacy Fund, to support the Elections Program. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. The general endowment fund is invested in the Vanguard Intermediate-Term Bond Index Fund and the Vanguard Short-Term Treasury Index Fund. The Ab and Zoe Legacy Fund is included in the Vanguard Short-Term Bond Index Fund and the remaining amounts are included in cash and will be invested in the future.

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 5. Board-designated endowment funds (continued)

The composition of and changes in Board-designated endowment funds for the years ended June 30, 2018 and 2017 were as follows:

| <u>Years ended June 30,</u>            | <u>2018</u>         | <u>2017</u>         |
|--|---------------------|---------------------|
| General endowment fund:                |                     |                     |
| Beginning of year                      | \$ 1,010,493        | \$ 1,020,409        |
| Contributions                          | 107,500             |                     |
| Investment income                      | 31,763              | 27,814              |
| Net unrealized loss on investments     | (46,105)            | (37,730)            |
| End of year                            | <u>1,103,651</u>    | <u>1,010,493</u>    |
| Ab and Zoe Legacy Fund:                |                     |                     |
| Beginning of year                      | 335,209             | 217,922             |
| Contributions                          | 14,000              | 117,287             |
| End of year                            | <u>349,209</u>      | <u>335,209</u>      |
| Total Board-designated endowment funds | <u>\$ 1,452,860</u> | <u>\$ 1,345,702</u> |

# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 6. Temporarily restricted net assets

Temporarily restricted net assets are available for the following purpose and time restrictions as follows:

| June 30,  | 2018                | 2017<br>(As restated) |
|---|---------------------|-----------------------|
| Purpose restrictions:                                     |                     |                       |
| Activism Programs   | \$ 34,250           | \$ 15,777             |
| Center for Action Civics                                  |                     | 6,667                 |
| Elections Program   |                     | 25,000                |
| Policymaking Programs                                     | 406,619             | 378,333               |
| Time restrictions:  |                     |                       |
| Operating grants  | 803,000             | 765,000               |
| Grants and pledges receivable - other                     | 67,500              | 25,000                |
| Grants and pledges receivable -<br>Ab and Zoe Legacy Fund | 112,089             | 165,018               |
| <b>Total temporarily restricted net assets</b>            | <b>\$ 1,423,458</b> | <b>\$ 1,380,795</b>   |

During the years ended June 30, 2018 and 2017, net assets were released from donor restrictions by incurring expenses satisfying purpose restrictions as follows:

| Years ended June 30,                                      | 2018                | 2017                |
|---|---------------------|---------------------|
| Purpose restrictions:                                     |                     |                     |
| Activism Programs   | \$ 144,528          | \$ 50,400           |
| Center for Action Civics                                  | 6,667               | 94,584              |
| Elections Program   | 25,000              | 85,417              |
| Policymaking Programs                                     | 991,575             | 869,541             |
| Time restrictions:  |                     |                     |
| Time -other   | 307,500             |                     |
| Grants and pledges receivable -<br>Ab and Zoe Legacy Fund | 52,929              | 91,500              |
| <b>Total net assets released from restrictions</b>        | <b>\$ 1,528,199</b> | <b>\$ 1,191,442</b> |



# MIKVA CHALLENGE GRANT FOUNDATION, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### 7. Leases

The Foundation has entered into an office space lease agreement in Chicago, Illinois which calls for monthly base rent of \$8,812 and increasing approximately 2% annually through December 2024. The lease includes a rent abatement for seven months and an option to renew for five years.

The Foundation also has office space lease agreements in Los Angeles, California for monthly rent of \$350 that is paid month-to-month and in the District of Columbia for monthly rent of \$967 through September 2018, and which was subsequently extended to September 2019 for monthly rent of \$1,500. The Foundation also leases copier equipment.

Future minimum lease payments as of June 30, 2018 are as follows:

| Year ending June 30: | Amount     |
|----------------------|------------|
| 2019                 | \$ 122,511 |
| 2020                 | 122,360    |
| 2021                 | 120,797    |
| 2022                 | 123,732    |
| 2023                 | 120,891    |
| Thereafter           | 183,594    |
| Total                | \$ 793,885 |

Rent expense for the years ended June 30, 2018 and 2017 was \$136,604 and \$149,835, respectively.

### 8. Retirement plan

The Foundation has a SIMPLE IRA plan (the Plan) covering all full-time employees with at least one year of service who agree to make contributions to the Plan. The Foundation matches participants' contributions to the Plan equal to 3% of the individual participant's annual compensation. Total contributions paid by the Foundation to the Plan during the years ended June 30, 2018 and 2017 were \$34,658 and \$31,739, respectively.