

FINANCIAL STATEMENTS



**FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2020**

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, 2021, 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.

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, 2021, 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 of America.

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Report on Summarized Comparative Information

We have previously audited PMF's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 20, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gelman Rosenberg & Friedman

June 24, 2022

PROGRESSIVE MULTIPLIER FUND
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

ASSETS		<u>2021</u>	<u>2020</u>
CURRENT ASSETS			
Cash and cash equivalents	\$	587,657	\$ 638,015
Grants receivable		166,200	773,000
Due from related parties		1,503	-
Prepaid expenses		<u>-</u>	<u>4,446</u>
TOTAL ASSETS	\$	<u>755,360</u>	\$ <u>1,415,461</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$	140,365	\$ 58,548
Due to related parties		<u>18,301</u>	<u>321,216</u>
Total liabilities		<u>158,666</u>	<u>379,764</u>
NET ASSETS			
Without donor restrictions		128,694	258,284
With donor restrictions		<u>468,000</u>	<u>777,413</u>
Total net assets		<u>596,694</u>	<u>1,035,697</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>755,360</u>	\$ <u>1,415,461</u>

PROGRESSIVE MULTIPLIER FUND

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUE				
Grants and contributions	\$ 385,000	\$ 155,000	\$ 540,000	\$ 1,695,146
Interest	1,666	-	1,666	807
Consulting revenue	36,513	-	36,513	-
Net assets released from donor restrictions	<u>464,413</u>	<u>(464,413)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>887,592</u>	<u>(309,413)</u>	<u>578,179</u>	<u>1,695,953</u>
EXPENSES				
Program Services	<u>556,326</u>	<u>-</u>	<u>556,326</u>	<u>212,235</u>
Supporting Services:				
Management and General	168,567	-	168,567	213,224
Fundraising	<u>292,289</u>	<u>-</u>	<u>292,289</u>	<u>347,134</u>
Total supporting services	<u>460,856</u>	<u>-</u>	<u>460,856</u>	<u>560,358</u>
Total expenses	<u>1,017,182</u>	<u>-</u>	<u>1,017,182</u>	<u>772,593</u>
Change in net assets	(129,590)	(309,413)	(439,003)	923,360
Net assets at beginning of year	<u>258,284</u>	<u>777,413</u>	<u>1,035,697</u>	<u>112,337</u>
NET ASSETS AT END OF YEAR	<u>\$ 128,694</u>	<u>\$ 468,000</u>	<u>\$ 596,694</u>	<u>\$ 1,035,697</u>

PROGRESSIVE MULTIPLIER FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	2021				2020	
	Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		Management and General	Fundraising			
Wages and salaries	\$ 154,651	\$ 134,841	\$ 186,164	\$ 321,005	\$ 475,656	\$ 419,130
Test and Innovation grant expense	239,710	-	-	-	239,710	55,000
Recoverable grant expense	120,000	-	-	-	120,000	-
Consulting and accounting	11,222	19,651	30,997	50,648	61,870	43,928
Management fee	4,077	5,414	46,016	51,430	55,507	89,644
Dues and subscriptions	14,557	407	6,706	7,113	21,670	30,519
Legal services	532	606	12,249	12,855	13,387	13,589
Office expenses	3,658	3,798	4,594	8,392	12,050	42,083
Rent	2,130	1,857	2,564	4,421	6,551	18,184
Insurance	1,760	1,626	2,245	3,871	5,631	5,393
Advertising	4,029	-	-	-	4,029	12,328
Other expenses	-	367	754	1,121	1,121	18,795
Administrative fees	-	-	-	-	-	24,000
TOTAL	\$ 556,326	\$ 168,567	\$ 292,289	\$ 460,856	\$ 1,017,182	\$ 772,593

See accompanying notes to financial statements.

PROGRESSIVE MULTIPLIER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (439,003)	\$ 923,360
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Increase (decrease) in:		
Grants receivable	606,800	(734,600)
Due from related parties	(1,503)	61,417
Prepaid expenses	4,446	(4,446)
Increase (decrease) in:		
Accounts payable and accrued liabilities	81,817	19
Due to related parties	<u>(302,915)</u>	<u>321,216</u>
Net cash (used) provided by operating activities	<u>(50,358)</u>	<u>566,966</u>
Net (decrease) increase in cash and cash equivalents	(50,358)	566,966
Cash and cash equivalents at beginning of year	<u>638,015</u>	<u>71,049</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 587,657</u>	<u>\$ 638,015</u>

PROGRESSIVE MULTIPLIER FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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 PMF's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

The accompanying financial statements represent the activity of PMF only. Auditing standards generally accepted in the United States of America require that the consolidated financial statements of the Progressive Multiplier Fund and the Progressive Multiplier Action Fund financial statements as of and for the year ended June 30, 2021 are the general purpose financial statements. However, the financial statements of the Progressive Multiplier Fund have not been consolidated with the Progressive Multiplier Action Fund in accordance with FASB ASC 958-810, *Not-for-Profit Entities, Consolidation* as of and for the year ended June 30 2021. The financial statements of PMF's operations, which are presented herein, are not a valid substitute for the consolidated financial statements.

PROGRESSIVE MULTIPLIER FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

New accounting pronouncement adopted -

During 2021, PMF adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. The ASU provides a framework for recognizing revenue and is intended to improve comparability of revenue recognition practices across for-profit and non-profit entities. Analysis of the various provisions of this standard resulted in no significant changes in the way PMF recognized revenue; however, the presentation and disclosures of revenue have been enhanced. PMF has elected to opt out of all (or certain) disclosures not required for nonpublic entities and also elected a modified retrospective approach for implementation.

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 collectable 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, 2021, 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*.

PROGRESSIVE MULTIPLIER FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

Grants and contributions (continued) -

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, 2021.

Contracts and program revenue classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers* are recorded as revenue at a point in time when the performance obligations are met. PMF has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

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.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. The reclassifications are primarily due to combine certain categories on the statement of functional expenses for presentation purposes.

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.

PROGRESSIVE MULTIPLIER FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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

New accounting pronouncement not yet adopted (continued) -

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, 2021:

Subject to expenditure for specified purpose:	
Environmental Justice	\$ 288,000
Progressive Stimulus Project	40,000
Grantmaking	90,000
Subject to passage of time	<u>50,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 468,000</u>

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:	
Environmental Justice	\$ 289,413
Realizing Democracy	25,000
Timing restrictions accomplished	<u>150,000</u>
NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 464,413</u>

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	\$ 587,657
Grants receivable	166,200
Due from related parties	<u>1,503</u>
Subtotal financial assets available within one year	755,360
Less: Donor restricted funds	<u>(418,000)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 337,360</u>

PROGRESSIVE MULTIPLIER FUND

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

3. LIQUIDITY AND AVAILABILITY (Continued)

PMF has a policy to structure its financial assets to be available and liquid as its obligations become due.

4. RECOVERABLE GRANT EXPENSE

PMF has awarded several recoverable grants which obligate the grantee to pay back to PMF the original grant amount and an administrative fee out of proceeds generated as a result of the project. The award specifies that the grantee shall never be required to repay more than the project proceeds. These grants are recorded as recoverable grant expense when committed, and proceeds and administrative fees recovered are recorded as revenue in the period received. As of June 30, 2021, PMF had one open recoverable grant for \$120,000, with an administrative fee of \$12,000.

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).

As of June 30, 2021, PMF owed \$18,301 to PPL which 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, 2021, PMAF owed PMF a total of \$1,503 for shared expenses which is included in due from 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 June 24, 2022, the date the financial statements were issued.