

Progressive Multiplier Fund

Financial Statements
and Independent Auditor's Report

June 30, 2022

(With Summarized Financial Information for June 30, 2021)

Progressive Multiplier Fund

Financial Statements

June 30, 2022

(With Summarized Financial Information for June 30, 2021)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Progressive Multiplier Fund

Opinion

We have audited the accompanying financial statements of Progressive Multiplier Fund (PMF), which comprise the statement of financial position as of June 30, 2022; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PMF as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PMF and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about PMF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 PMF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about PMF's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

The financial statements of PMF as of and for the year ended June 30, 2021, were audited by other auditors whose report, dated June 24, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, handwritten style.

Vienna, Virginia
December 2, 2022

Progressive Multiplier Fund

Statement of Financial Position

June 30, 2022

(With Summarized Financial Information for June 30, 2021)

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 777,030	\$ 587,657
Accounts receivable	10,000	-
Grants receivable	-	166,200
Due from related parties	3,262	1,503
Prepaid expenses	9,198	-
	<u>799,490</u>	<u>755,360</u>
Total assets	<u>\$ 799,490</u>	<u>\$ 755,360</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 21,970	\$ 12,365
Grants payable	210,000	128,000
Due to related parties	778	18,301
	<u>232,748</u>	<u>158,666</u>
Total liabilities	<u>232,748</u>	<u>158,666</u>
Net Assets		
Without donor restrictions	(147,425)	128,694
With donor restrictions	714,167	468,000
	<u>566,742</u>	<u>596,694</u>
Total net assets	<u>566,742</u>	<u>596,694</u>
Total liabilities and net assets	<u>\$ 799,490</u>	<u>\$ 755,360</u>

Progressive Multiplier Fund

Statement of Activities
For the Year Ended June 30, 2022
(With Summarized Financial Information for the Year Ended June 30, 2021)

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenue and Support				
Grants and contributions	\$ 270,500	\$ 1,525,000	\$ 1,795,500	\$ 540,000
Consulting revenue	67,800	-	67,800	1,666
Other income	64,037	-	64,037	36,513
Net assets released from restrictions	1,278,833	(1,278,833)	-	-
Total revenue and support	1,681,170	246,167	1,927,337	578,179
Expenses				
Program services	1,526,089	-	1,526,089	556,326
Supporting services:				
Management and general	218,190	-	218,190	168,567
Fundraising	213,010	-	213,010	292,289
Total supporting services	431,200	-	431,200	460,856
Total expenses	1,957,289	-	1,957,289	1,017,182
Change in Net Assets	(276,119)	246,167	(29,952)	(439,003)
Net Assets, beginning of year	128,694	468,000	596,694	1,035,697
Net Assets, end of year	<u>\$ (147,425)</u>	<u>\$ 714,167</u>	<u>\$ 566,742</u>	<u>\$ 596,694</u>

See accompanying notes.

Progressive Multiplier Fund

Statement of Functional Expenses
For the Year Ended June 30, 2022
(With Summarized Financial Information for the Year Ended June 30, 2021)

	Supporting Services				2022 Total	2021 Total
	Program Services	Management and General	Fundraising	Total Supporting Services		
Wages and salaries	\$ 207,680	\$ 141,005	\$ 161,291	\$ 302,296	\$ 509,976	\$ 475,656
Grant expense	1,221,680	-	-	-	1,221,680	359,710
Consulting and accounting	41,795	42,915	6,786	49,701	91,496	61,870
Conferences and events	3,001	-	5,145	5,145	8,146	-
Management fee	31,403	21,321	24,388	45,709	77,112	55,507
Dues and subscriptions	7,114	4,830	5,525	10,355	17,469	21,670
Legal service	1,116	758	867	1,625	2,741	13,387
Office expense	9,000	5,481	6,951	12,432	21,432	12,050
Rent	-	-	-	-	-	6,551
Insurance	1,395	947	1,083	2,030	3,425	5,631
Advertising	1,807	100	194	294	2,101	4,029
Other expenses	98	833	780	1,613	1,711	1,121
Total Expenses	\$ 1,526,089	\$ 218,190	\$ 213,010	\$ 431,200	\$ 1,957,289	\$ 1,017,182

See accompanying notes.

Progressive Multiplier Fund

Statement of Cash Flows
For the Year Ended June 30, 2022
(With Summarized Financial Information for the Year Ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities		
Change in net assets	\$ (29,952)	\$ (439,003)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(10,000)	-
Grants receivable	166,200	606,800
Due from related parties	(1,759)	(1,503)
Prepaid expenses	(9,198)	4,446
Increase (decrease) in:		
Accounts payable and accrued expenses	9,605	209,817
Grants payable	82,000	(128,000)
Due to related parties	(17,523)	(302,915)
Net cash provided by (used in) operating activities	<u>189,373</u>	<u>(50,358)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	189,373	(50,358)
Cash and Cash Equivalents, beginning of year	<u>587,657</u>	<u>638,015</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 777,030</u></u>	<u><u>\$ 587,657</u></u>

See accompanying notes.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

1. Nature of Operations

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

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

PMF's financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash Equivalents

PMF considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Accounts Receivable

Accounts receivable represent consulting fees. PMF's accounts receivable are all due in less than one year and are recorded at net realizable value. PMF analyzes and writes off accounts receivable when they become uncollectible. When necessary, an allowance for uncollectible accounts receivable is determined based upon management's best estimate of the potential future collectability of accounts outstanding. All receivables were deemed fully collectible, and no allowance for uncollectible accounts was established at June 30, 2022.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (continued)

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.

Grants Payable

Grant expenses are nonreciprocal and are expensed when grants are approved by PMF. Grant expenses recognized but not paid are recognized as grants payable. All grants payable are expected to be paid out within one year and are recorded at net realizable value.

Revenue Recognition

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 Accounting Standards Update (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, 2022.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$2,101 during the year ended June 30, 2022.

Use of Estimates

The preparation of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Comparative 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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with PMF's 2021 financial statements, from which the summarized information was derived.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

2. Summary of Significant Accounting Policies (continued)

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, PMF has evaluated events and transactions for potential recognition or disclosure through December 2, 2022, the date the financial statements were available to be issued.

3. Liquidity and Availability

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

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2022:

Cash and cash equivalents	\$	777,030
Due from related parties		3,262
Less: net assets with donor restrictions		<u>(714,167)</u>
Total available for general expenditures	\$	<u><u>66,125</u></u>

4. Concentration of Credit Risk

Financial instruments that potentially subject PMF to significant concentrations of credit risk consist of cash and cash equivalents. PMF maintains cash deposit and transaction accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). PMF has not experienced any credit losses on its cash and cash equivalents to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal. Contributions receivable consist primarily of amounts due from individual donors. Management believes the credit risk related to these receivables is minimal.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

5. Net Assets With Donor Restrictions

Net assets with donor restrictions were restricted for the following purposes at June 30, 2022:

Subject to expenditure for specified purpose:	
Environmental justice	\$ 200,000
Grantmaking	10,000
Hubs for real democracy	41,667
Time restricted	<u>462,500</u>
Total net assets with donor restrictions	<u>\$ 714,167</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 during the year ended June 30, 2022:

Purpose restrictions accomplished:	
Environmental justice	\$ 438,000
Progressive stimulus project	90,000
Grantmaking	80,000
Hubs for real democracy	58,333
Time restrictions accomplished	<u>612,500</u>
Net assets released from donor restrictions	<u>\$ 1,278,833</u>

6. Related Party Transactions

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.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

6. Related Party Transactions (continued)

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, 2022, PPL owed \$3,262 to PMF, which is recorded as due from 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) nonprofit organization that promotes social welfare through financing and providing technical assistance to support scalable revenue generation projects of qualifying nonprofit organizations. PMAF and PMF share the same directors/officers.

PMF has a resource sharing and expense reimbursement agreement with 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, 2022, PMF owed PMAF a total of \$778 for shared expenses, which is recorded as due to related parties in the accompanying statement of financial position.

7. Results of Operations and Management's Plan

PMF incurred a decrease in net assets in the past two years. As of June 30, 2022, net deficit without donor restrictions totaled \$147,425. The deficit was primarily driven by losses sustained from PMF's operations. Although losses may continue in the future, management of PMF continually maintains and reviews contingency plans as a prudent measure to ensure the continued viability of operations. Accordingly, PMF has focused on raising additional funding, as well as exploring contract revenue opportunities and also budgeting spending proportionate with revenue generated.

Progressive Multiplier Fund

Notes to Financial Statements
June 30, 2022

7. Results of Operations and Management's Plan (continued)

Although it is not certain that these efforts will be successful, management has determined that the actions that it has taken are sufficient to mitigate the uncertainty, and the accompanying financial statements do not include any adjustments that might be necessary if PMF is unable to continue as a going concern.

8. Functionalized Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. 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.

9. Income Taxes

PMF is exempt from the payment of income taxes on its exempt activities under Internal Revenue Code Section 501(c)(3). At June 30, 2022, no tax provision was made, as PMF had no unrelated business income. Management has evaluated PMF's tax positions and concluded that there are no significant uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.