

MOTHERS FOR JUSTICE AND EQUALITY, INC.
(a nonprofit corporation)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
For the Year Ended December 31, 2015 with Comparative Totals for 2014

MOTHERS FOR JUSTICE AND EQUALITY, INC.
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mothers for Justice and Equality, Inc.

We have audited the accompanying financial statements of the Mothers for Justice and Equality, Inc. (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2015 and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 misstatements, 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 of material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above the present fairly, in all material respects, the financial position of the Mothers for Justice and Equality, Inc. as of December 31, 2015 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.

Other Matter

The 2014 financial statements were reviewed by us and our report thereon, dated May 6, 2015, stated we were not aware of any material modifications that should be made to those statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

Sanders, Walsh & Eaton, LLP

Osterville, Massachusetts

May 16, 2016

MOTHERS FOR JUSTICE AND EQUALITY, INC.
Statement of Financial Position
December 31, 2015 with Comparative Totals for 2014

ASSETS	<u>2015</u>	<u>2014</u>
Current Assets:		
Cash and cash equivalents	\$ 27,128	\$ 2,415
Accounts receivable	7,331	-
Grants and contributions receivable	80,000	35,000
Total Current Assets	<u>114,459</u>	<u>37,415</u>
Noncurrent Assets:		
Grants and contributions receivable	15,000	-
Rental deposit	1,578	1,578
Total Noncurrent Assets	<u>16,578</u>	<u>1,578</u>
Fixed Assets:		
Furniture and equipment	16,014	16,014
Leasehold improvements	9,267	9,267
Less: Accumulated depreciation	(17,306)	(12,553)
Total Net Fixed Assets	<u>7,975</u>	<u>12,728</u>
Total Assets	<u>\$ 139,012</u>	<u>\$ 51,721</u>

LIABILITIES AND NET ASSETS

Current Liabilities:		
Accounts payable	\$ 300	\$ -
Accrued expenses	4,934	2,343
Total Current Liabilities and Total Liabilities	<u>5,234</u>	<u>2,343</u>
Net Assets:		
Unrestricted	38,778	14,378
Temporarily restricted	95,000	35,000
Total Net Assets	<u>133,778</u>	<u>49,378</u>
Total Liabilities and Net Assets	<u>\$ 139,012</u>	<u>\$ 51,721</u>

See Accompanying Notes to Financial Statements

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Statement of Activities

For the Year Ended December 31, 2015 with Comparative Totals for 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets:		
Revenues and Support:		
Grants and contributions	\$ 382,359	\$ 253,211
Government grants and contracts	36,274	82,031
In Kind donations	3,470	8,688
Special events	37,848	52,455
Program service fees	70,745	-
Other revenue	-	99
Net assets released from restrictions	35,000	-
Total Revenues and Support	<u>565,696</u>	<u>396,484</u>
Expenses:		
Program Services:		
Education	297,519	246,558
Engagement	61,146	48,840
Total Program Services	<u>358,665</u>	<u>295,398</u>
Supporting Services:		
Management and general	96,133	83,956
Fundraising	60,024	49,919
Special events	26,474	24,171
Total Supporting Services:	<u>182,631</u>	<u>158,046</u>
Total Expenses	<u>541,296</u>	<u>453,444</u>
Change in Unrestricted Net Assets	<u>24,400</u>	<u>(56,960)</u>
Temporarily Restricted Net Assets:		
Grants and contributions	95,000	35,000
Net assets released from restrictions	<u>(35,000)</u>	<u>-</u>
Change in Temporarily Restricted Net Assets	<u>60,000</u>	<u>35,000</u>
Change in Net Assets	84,400	(21,960)
Net Assets, Beginning of Year	<u>49,378</u>	<u>71,338</u>
Net Assets, End of Year	<u><u>\$ 133,778</u></u>	<u><u>\$ 49,378</u></u>

See Accompanying Notes to Financial Statements

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2015 with Summarized Comparative Totals for 2014

	Program Services		Supporting services			2015	2014
	Education	Engagement	Management and General	Fundraising	Special Event	Total	Total
Expenses:							
Salaries and wages	\$ 145,797	\$ 38,191	\$ 36,805	\$ 38,935	\$ 2,067	\$ 261,794	\$ 222,824
Payroll taxes	11,945	3,156	3,263	3,227	167	21,759	20,150
Employee benefits	5,382	1,181	3,115	772	184	10,635	16,690
Stipends	41,317	-	-	-	-	41,317	52,357
Consulting	11,272	-	136	9,484	-	20,892	17,218
Accounting	-	-	11,755	-	-	11,755	16,206
Education	21,463	-	-	-	-	21,463	4,090
Fees and licenses	-	-	8,317	-	-	8,317	11,373
Occupancy	34,110	12,603	11,823	5,224	616	64,375	27,481
Information technology	1,649	434	885	258	27	3,253	5,046
Supplies and materials	4,576	570	1,570	301	63	7,080	7,653
Printing and reproduction	2,091	238	4,908	386	5,691	13,314	6,491
Telephone and communications	1,844	379	665	253	76	3,219	2,274
Insurance	-	-	1,618	-	-	1,618	-
Advertising and promotion	-	-	5,558	-	-	5,558	2,408
Travel, meetings and conferences	13,263	3,836	370	740	17,208	35,416	33,712
Depreciation	2,809	558	874	445	67	4,753	7,269
Other	-	-	4,471	-	307	4,778	202
Total Expenses	\$ 297,519	\$ 61,146	\$ 96,133	\$ 60,024	\$ 26,474	\$ 541,296	\$ 453,444

See Accompanying Notes to Financial Statements

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Statement of Cash Flows

For the Year Ended December 31, 2015 with Comparative Totals for 2014

	2015	2014
Cash Flows From Operating Activities:		
Change in net assets	\$ 84,400	\$ (21,960)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,753	7,269
Increase/(Decrease) in operating assets:		
Accounts receivable	(7,331)	5,376
Grants and contributions receivable	(60,000)	(35,000)
Prepaid expenses	-	588
Increase/(Decrease) in operating liabilities:		
Accounts payable	300	(4,639)
Accrued expenses	2,591	(358)
Net Cash Provided by (Used in) Operating Activities	24,713	(48,724)
 Cash Flows From Investing Activities:		
Purchase of fixed assets	-	(2,229)
Net Cash Used in Investing Activities	-	(2,229)
 Net Increase/ (Decrease) in cash	24,713	(50,953)
 Cash and cash equivalents, Beginning of Year	2,415	53,368
Cash and cash equivalents, End of Year	\$ 27,128	\$ 2,415
 Supplemental Cash Flow Information		
Interest expense	\$ 309	\$ -

See Accompanying Notes to Financial Statements

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Notes to Financial Statements
For the Year Ended December 31, 2015 with Comparative Totals for 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Mothers for Justice and Equality, Inc. (MJE) is a Massachusetts nonprofit organization whose purpose is to end neighborhood violence by empowering community members to make change and restore safety for future generations. MJE has a clear model for impact drawn from past successful social movements, employing three key components: Education, Engagement and Membership. MJE offers leadership development, financial education, teen parenting programs, and workforce readiness programming. MJE provides services at our main location in Roxbury and also within the Suffolk County House of Corrections, with plans to offer programs in area affordable housing complexes, at schools in our communities, and at other partner sites. MJE's operations are funded primarily from foundations, government and corporate grants and contributions from the general public.

To accomplish its mission, MJE offers the following programs and services:

Engagement

Engagement activities challenge the normalization of violence and provide members with opportunities to act as catalysis for change at home and in their community. They include:

- o **MJE Monthly Empowerment Meetings** that engage community leaders to educate and empower our members through motivational speeches, informative presentations, and educational workshops.
- o **MJE Town Hall Meetings** where members have the opportunity to question and hold accountable elected officials and those seeking office.
- o **Monthly Coffee Hours** where MJE members meet in small groups with civic and community leaders to strategize about ways to further engage community members in our efforts to end violence.
- o **Playground Rallies** conducted by MJE's Junior Advocates during the summer months at Boston Playgrounds where the threat of violence is high.

Education

Education is a key component of MJE's leadership development. The program provides that educated citizens have the tools to claim their voices and speak out for their communities. This program is delivered along two tracks; one for mothers and one for youth as follows:

- o **Youth Leadership and Academic Programs:** The goal of MJE's Youth Programming is to help youth living in Boston, who are at risk of witnessing, perpetrating, or experiencing violence move from a place of anger and hopelessness, to a place of strength, confidence, sustainability, and leadership. MJE youth programs have grown significantly since they began in 2013 and project substantial future growth:
- o **Youth Peer Leadership:** MJE's Youth Peer Leadership Program is a year-round, after-school and summer program that provides at-risk high school students with trauma-informed leadership training, workforce preparation, academic tutoring, and peer-to-peer support. Students participate in activities that focus on personal and professional development, and key life skills such as building healthy relationships, conflict resolution, financial literacy, college preparatory work, writing, resumes, and interviewing.

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Notes to Financial Statements

For the Year Ended December 31, 2015 with Comparative Totals for 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

o **STEM-Middle School:** A new initiative that will begin in Summer 2016. STEM programs for 25 Middle School students will incorporate academics in the areas of technology, science and math alongside, leadership development training and opportunities. For this program, MJE is seeking private funding for a new iPad lab with an emphasis on safe use of social media by developing an anti-violence campaign using social media tools.

o **Teen Mothers:** This program launched in Summer 2015 serving 6 teen mothers ages 14-16 years old who were homeless and living in St. Mary's Shelter for Women and Children. Focusing on self-esteem, respecting yourself, healthy relationships, stress management parenting skills, and communication skills, MJE incorporated life coaching, action plans for next steps, and financial literacy. Many participants required assistance with personal management skills and executive function skills as well.

o **Adult Family Resource Initiatives:** MJE believes poverty is the root cause of violence. Adult programs are designed to help victims recover from trauma and become advocate for change in the communities where their families live and work. This model addresses their needs for trauma recovery, workforce skills, financial literacy and leadership opportunities.

o **You Matter Leadership Curriculum:** MJE trains women to understand the impact violence has had in their lives and then helps them identify ways they can turn their individual grief into personal growth and community action. Education is a key component of MJE's leadership development efforts. Educated women have the tools to claim their voices, refocus their goals, and speak out for their communities. The training for mothers is 8 weeks long. The curriculum encourages participants to safely "unpack" their lives, increasing self-awareness and self-efficacy, and learn self-advocacy and leadership skills that they can apply toward civic responsibility. The "train-the-trainer" model supports experiential learning and leadership development by passing knowledge and skills on to other community members.

o **Workforce Readiness Curriculum:** MJE's Workforce Readiness Initiative (WRI) is a trauma informed program to help women from all social and economic backgrounds. Along with our curriculum based training, our members develop workforce-readiness skills.

o **Financial Education Program:** MJE believes poverty is the root cause of violence and MJE is focused on educating individuals who are victims of violence to set financial goals and improve their financial future. The Financial Education program is designed to help low-income individuals understand the importance of establishing and maintaining smart, measurable, attainable, realistic, timely financial goals.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Tax Exempt Status

MJE is a not-for-profit organization exempt from taxes under Chapter 180 of the Massachusetts General Laws and from Internal Revenue Code 501(c)(3) and accordingly, no provision for income taxes is included in the financial statements. Unrelated business income, of which there was zero for the years ended December 31, 2015 and 2014, would be subject to federal and state income taxes. MJE believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The MJE Tax returns (Form 990) for 2013, 2014 and 2015 are subject to examination by the IRS, generally for three years after they are filed.

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Notes to Financial Statements

For the Year Ended December 31, 2015 with Comparative Totals for 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Net Assets Classification

Net assets of MJE are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- Unrestricted Net Assets - net assets that are available for support of operations and not subject to donor-imposed stipulations.
- Temporarily Restricted Net Assets - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of MJE and/or the passage of time. At December 31, 2015 and 2014, MJE had \$95,000 and \$35,000, respectively, in temporarily restricted net assets.
- Permanently Restricted Net Assets – Net assets subject to donor imposed stipulations that MJE permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through MJE's actions. At December 31, 2015 and 2014, MJE had no permanently restricted net assets.

Grants and Contributions

Grants and contributions are recognized when a donor makes a promise to give to MJE that is, in substance, unconditional. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are classified to unrestricted net assets.

Grants and contributions receivable balance as of December 31, 2015 was \$95,000, of which \$80,000 is due in 2016 and \$15,000 is due in 2017.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Purchased fixed assets are carried at cost. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$500 are capitalized.

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, MJE reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. MJE reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation expense for the years ended December 31, 2015 and 2014 was \$4,753 and \$7,269, respectively.

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Notes to Financial Statements

For the Year Ended December 31, 2015 with Comparative Totals for 2014

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Cash and Cash Equivalents

For the purposes of the statement of cash flows, MJE considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition

Program fees are recognized as revenue when earned. Advance payments of program fees are recorded as deferred revenue until earned.

Accounts receivable are presented net of allowance for doubtful accounts. MJE's periodic evaluation of the adequacy of the allowance is based on its past loss experience. Accounts receivable for the year ended December 31, 2015 and 2014, was \$7,331 and \$0, respectively. The entire accounts receivable balance for 2015 is current and collectible.

Advertising and Promotion

MJE follows the policy of charging the costs of advertising to expense as incurred. Advertising expense for the year ended December 31, 2014 and 2015, was \$5,558 and \$2,408, respectively.

In-Kind Donations

MJE receives in-kind donations in support of its operations. Donated materials, facilities and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated are recorded as contributions in the financial statements. Donated services such as fundraising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE B - IN-KIND DONATIONS:

MJE received \$3,470 and \$8,688 in donated services for the years ended December 31, 2015 and 2014, respectively. In addition, MJE receives a substantial amount of contributed services from its Board of Directors in carrying out its mission. No amounts have been reflected on the financial statements for these services since they do not meet the criteria for recognition under U.S. GAAP.

NOTE C - LEASE OBLIGATIONS:

MJE leases office space under a three-year operating lease. The lease expires on February 28, 2018. Rent expense for the years ended December 31, 2015 and 2014, was \$31,469 and \$25,026, respectively. The following are the future minimum lease payments under the office lease:

MOTHERS FOR JUSTICE AND EQUALITY, INC.

Notes to Financial Statements

For the Year Ended December 31, 2015 with Comparative Totals for 2014

NOTE C - LEASE OBLIGATIONS (Continued):

December 31,	Amount
2016	\$ 34,091
2017	34,091
2018	<u>5,682</u>
Total	<u>\$ 73,864</u>

NOTE D - CONCENTRATIONS:

Grants received from four donors in 2015 and 2014 were 23% and 29% of MJE's total revenue and support for the years ended December 31, 2014 and 2015, respectively. Grants receivable from one grantor represented 53% and 71% of MJE's total grants and contributions receivable balance at December 31, 2015 and 2014, respectively. Grants received from four state agencies represent 100% of the government grants and contracts in 2015 and 2014.

NOTE E - LINE OF CREDIT:

On April 7, 2015, MJE was issued a \$50,000 working capital revolving line of credit loan from Eastern Bank. The loan is due on demand and the interest is payable monthly on any outstanding balance at a variable rate (4.5% on December 31, 2015). The outstanding principle balance of the loan as of December 31, 2015 was \$0. Interest expense for the year ended December 31, 2015 was \$309.

NOTE F - EVALUATION OF SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through May 16, 2016, the date which the financial statements were available to be issued. There are no subsequent events to be reported up to this date.