



REPORT ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

**FAMILIES AGAINST MANDATORY MINIMUMS
FOUNDATION (FAMM)**

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SALTI & ASSOCIATES, LLC
Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Families Against Mandatory Minimums Foundation
Washington, DC

I have audited the accompanying financial statements of Families Against Mandatory Minimums Foundation (FAMM), which comprise the statement of financial position as of December 31, 2020, and the related statements 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 misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amount 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 estimated made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

INDEPENDENT AUDITOR'S REPORT

(continued)

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Families Against Mandatory Minimums Foundation as of December 31, 2020, 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.

Report on Summarized Comparative Information

I have previously audited FAMM's 2019 financial statements, and my report dated October 25, 2020, expressed an unqualified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in the year ended December 31, 2020, FAMM adapted and applied ASU 2016-02, leases as amended, (Topic 842). My opinion is not modified with respect to this matter.

Washington, DC

No. 1211 SAQ 4

April 12, 2021

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2020

WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents (note 2)	\$ 4,229,497	\$ 1,308,337
Investment in securities (note 3 and 4)	528,648	847,096
Accrued interest receivable	1,064	-
Grants receivable (note 9)	562,500	1,127,655
Other receivables	8,432	2,605
Right-of-use asset - operating lease (note 6)	245,513	-
Prepaid expenses	17,761	209,534
Total Current Assets	<u>5,593,415</u>	<u>3,495,227</u>
PROPERTY AND EQUIPMENT-AT COST		
Furniture	18,517	18,517
Equipment	113,023	106,014
Less: accumulated depreciation	<u>(67,601)</u>	<u>(43,243)</u>
Property and Equipment, Net	<u>63,939</u>	<u>81,288</u>
OTHER ASSETS		
Right-of-use asset - operating lease (non-current)	759,055	-
Security deposit (note 6)	<u>21,326</u>	<u>21,326</u>
Total Other Assets	<u>780,381</u>	<u>21,326</u>
TOTAL ASSETS	<u>\$ 6,437,735</u>	<u>\$ 3,597,841</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accrued expenses	\$ 163,298	\$ 169,653
Lease payable (note 6)	<u>245,513</u>	<u>-</u>
Total Current Liabilities	408,811	169,653
Long term Liabilities		
Lease payable (non-current)	<u>759,055</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,167,866</u>	<u>169,653</u>
NET ASSETS		
Without donor restrictions:		
Undesignated	3,404,869	688,188
Designated by Board (note 12 and 14)	990,000	990,000
Total without donor restrictions	<u>4,394,869</u>	<u>1,678,188</u>
With donor restrictions (note 7)		
Purpose restrictions - matching requirement	375,000	750,000
Time-restricted for future periods	500,000	1,000,000
Total with donor restrictions	<u>875,000</u>	<u>1,750,000</u>
Total Net Assets	<u>5,269,869</u>	<u>3,428,188</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,437,735</u>	<u>\$ 3,597,841</u>

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	Without Donor Restrictions	With donor Restrictions	2020	2019
REVENUE				
Foundation grants	\$ 421,000	\$ 700,000	\$ 1,121,000	\$ 130,000
Individual contributions	4,220,698	-	4,220,698	2,806,525
Revenue from affiliate	80,000	-	80,000	540,000
Interest income	29,637	-	29,637	22,567
In-kind donations (note 11)	630,614	-	630,614	651,945
Net assets released from restrictions:				
Marching requirement	375,000	(375,000)	-	-
Time purpose-restrictions	1,200,000	(1,200,000)	-	-
TOTAL REVENUE	6,956,949	(875,000)	6,081,949	4,151,037
EXPENSES				
Program Expenses:				
State and Regional Programs	1,025,610	-	1,025,610	1,252,852
Public Education and Community Engagement	1,555,004	-	1,555,004	1,929,386
Federal Advocacy	1,288,179	-	1,288,179	1,204,158
Total Program Expenses	3,868,793	-	3,868,793	4,386,396
Supporting Services Expenses:				
Fundraising	101,467	-	101,467	113,800
General and Administration	265,971	-	265,971	165,663
Total Supporting Services Expenses	367,438	-	367,438	279,463
TOTAL EXPENSES	4,236,231	-	4,236,231	4,665,859
CHANGE IN NET ASSETS	2,720,718	(875,000)	1,845,718	(514,822)
Net assets, beginning of year	1,678,188	1,750,000	3,428,188	3,943,010
Unrealized loss on investments	(4,037)	-	(4,037)	-
NET ASSETS, END OF YEAR	\$ 4,394,869	\$ 875,000	\$ 5,269,869	\$ 3,428,188

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	State and Regional Programs	Public Education and Community Engagement	Federal Advocacy	Fundraising	General Administration	2020	2019
Salaries	\$ 474,412	\$ 973,837	\$ 363,481	\$ 59,251	\$ 164,696	\$ 2,035,677	\$ 1,851,227
Payroll taxes	28,587	50,926	19,515	2,612	76,366	178,006	145,334
Fringe benefits	57,280	117,582	43,887	7,154	17,521	243,424	196,182
Accounting and auditing	-	7,700	-	-	24,995	32,695	13,325
Advertising	-	12,575	-	-	-	12,575	42,729
Bank, interest & credit card fees	-	-	-	2,539	3,519	6,058	3,612
Conferences & meetings	1,298	2,054	150	40	2,218	5,760	167,970
Consultants & temporary help	122,800	50,506	42,854	-	8,972	225,132	369,943
Depreciation	-	-	-	-	24,357	24,357	35,586
Donations	123,500	18,700	-	-	20	142,220	106,850
Dues, subscriptions, & licensing	106,400	75,472	31,954	19,234	12,057	245,117	216,503
Equipment rental & maintenance	-	-	-	-	11,444	11,444	9,365
Insurance	-	-	4,473	-	4,111	8,584	5,974
loss on sale of securities	-	-	-	-	-	-	1,101
Occupancy	-	-	-	-	212,280	212,280	288,393
Office supplies & expense	1,780	9,437	1,938	-	29,765	42,920	69,274
Postage & delivery	1,496	174	-	478	89	2,237	4,031
Printing & publications	-	46,388	49	392	4,874	51,703	34,997
Recruiting & staff training	700	2,709	-	-	-	3,409	1,655
Stipends to prisoners/families	5,000	34,000	30,000	-	-	69,000	95,312
Telephone and internet service	1,064	1,627	488	223	35,246	38,648	38,052
Travel	5,378	5,554	1,002	38	2,399	14,371	316,499
Allocated general operating expenses (note 8)	95,915	145,763	120,174	9,506	(371,358)	-	-
Expenses before In-Kind	1,025,610	1,555,004	659,965	101,467	263,571	3,605,617	4,013,914
In-Kind expenses (note 11)	-	-	628,214	-	2,400	630,614	651,945
Totals	\$ 1,025,610	\$ 1,555,004	\$ 1,288,179	\$ 101,467	\$ 265,971	\$ 4,236,231	\$ 4,665,859

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION (FAMM)

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019**

	2020	2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Cash received from foundations	\$ 1,608,500	\$ 428,845
Cash received from individual donors	4,298,353	2,806,525
Cash received from investments	28,573	22,567
Cash received from affiliate	80,000	600,000
Cash paid for salaries and related benefits	(2,436,855)	(2,192,743)
Cash paid for legal and accounting fees	(24,995)	(13,325)
Cash paid for rent	(238,887)	(274,489)
Cash paid for subscription dues	(245,117)	(216,503)
Cash paid for consultants and professional fees	(225,132)	(363,423)
Cash paid for suppliers and vendors	(234,719)	(1,093,388)
Net cash provided (used) by operating activities	2,609,721	(295,934)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	-	(1,076,000)
Proceeds from sale of investments	318,448	1,251,000
Purchase of equipment	(7,009)	(54,895)
Net cash flows from investing activities	311,439	120,105
NET INCREASE (DECREASE) IN CASH	2,921,160	(175,829)
Cash and cash equivalents at beginning of year	1,308,337	1,484,166
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 4,229,497	\$ 1,308,337

See accompanying notes to financial statements

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. ORGANIZATION

Families Against Mandatory Minimums Foundation (FAMM), a nonprofit organization, was incorporated in 1991 in the District of Columbia. FAMM's mission is to create a more fair and effective justice system that respects our American values of individual accountability and dignity while keeping our communities safe. FAMM is the national voice for fair and proportionate sentencing laws and prison reform. We shine a light on the human face of these issues, advocate for state and federal reform, and mobilize thousands of individuals whose lives are adversely affected by the current system.

FAMM's greatest asset has always been the stories of our members. By sharing the impact of unjust sentencing and prison policies on incarcerated individuals, their families, and their communities, FAMM has helped create urgency around the issue and made the problem feel real to the policymakers who have to be moved to make meaningful change. This two-pronged approach — public education and targeted advocacy — is core to FAMM's success to date and will remain critical to our work as we expand our organizing efforts nationally.

Federal Programs: FAMM's federal program is focused on eliminating federal mandatory minimums and preserving and improving advisory guidelines so that judges can make individualized assessments of offenders. We also work in prison policy reform, supporting policies that provide incarcerated individuals with access to meaningful work and educational opportunities, as well as substance abuse and mental health treatment. We believe that all corrections facilities should be safe and that individuals who are incarcerated should remain close to their homes in order to maintain and strengthen important family bonds. Central to both our sentencing and prison policy reform work is educating policymakers on these issues. We carry out this mission by creating new briefing and educational materials; hosting Capitol Hill rallies, panels, and briefings; testifying before legislatures and the U.S. Sentencing Commission; and advocating for presidential pardons and commutations.

State Programs: FAMM's state work has two components: (1) Project States, which are the states in which we have aggressive, full-scale campaigns for reform led by in-state project directors, and (2) Opportunity States, which are states where: we see an opportunity for reform, we seek to bring a unique or additional voice to the discussion, or are invited to testify or weigh in on a proposed reform. Presently, the states in which we work are: Arizona, Pennsylvania, North Carolina, Florida, Missouri, and Texas.

Public Education Program: FAMM's media, public, and member outreach improves awareness of existing sentencing and prison policy problems to build support for reform. FAMM's communications team creates and distributes press releases, op-eds, action alerts, and social media posts that highlight and complement reform efforts. We pride ourselves on being a one-stop-shop for news, information, case studies, and analysis on sentencing laws and reforms for our 37,000+ membership via our website, e-alerts, and social media.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

1. ORGANIZATION (Continued)

FAMM Advocates Program: FAMM is growing its network of families in every state to fight for deep and lasting reform across the country. Our goal is to build a large group of former prisoners or family members who are prepared to advocate. These advocates will make change by testifying before legislatures, meeting with lawmakers and other officials, and speaking with the media on a variety of criminal justice reforms.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

Net assets and revenue, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of FAMM and changes therein are classified and reported as:

Without Donor Restrictions – Those resources not subject to donor-imposed restrictions. The board of directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

With Donor Restrictions – Those resources subject to donor-imposed restrictions that will be satisfied by action of FAMM or by passage of time.

FAMM has elected to present contributions with donor restrictions that are fulfilled in the same period within the net assets without donor restrictions class.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Families Against Mandatory Minimums Foundation considers cash on hand and cash in the bank with less than three months maturity to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost and is being depreciated using the straight-line method over the estimated lives of the assets ranging from five to seven years. The cost of property and equipment retired or disposed of is removed from the accounts along with the related accumulated depreciation, and the resulting gain or loss is included in revenue or expense. FAMM capitalizes fixed asset purchases of amounts in excess of \$1,500.

Income Taxes

Families Against Mandatory Minimums Foundation has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The internal Revenue Service has classified FAMM as other than a private foundation.

FAMM did not incur unrelated business income tax for taxable year 2020.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Uncertain Tax Position

The Financial Accounting Standards Board (FASB) released FASB ASC740-10, Income Taxes, that provide guidance for reporting uncertainty in income taxes. For the year ended December 31, 2020, FAMM has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax provisions qualify for either recognition or disclosure in the financial statements.

Contributions

All contributions are considered to be without donor restrictions unless specifically communicated by the donor. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. When restrictions are fulfilled in the same time period as the contribution is received, FAMM presents such contributions in the net assets without donor restrictions.

Functional Allocation of Expenses

The Statement of Activities reports expenses by both natural and functional classification. Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Costs are directly applied to the related or supporting service category when identifiable and possible.

Statement of Cash Flows

This statement reflects inflows and outflows of cash, summarized by operating, and investing activities. The statement of cash flows is prepared using the direct method. For purposes of this statement, cash and cash equivalents consist of checking and money market accounts.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. FAMM is also required to make estimates and assumptions that affect the reported amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adopted Accounting Pronouncement

Effective January 1, 2020, FAMM adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 201-02. *Leases (Topic 842)*, as amended. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months.

As a result of the adopting Topic 842 by applying the guidance at adoption date. As a result, the comparative information as of December 31, 2019, has not been adjusted. FAMM elected the package of practical expedients permitted under the transition guidance within Topic 842, which allowed FAMM to carry forward its identification of contracts that are or contain leases, its historical classification of existing leases and its accounting for initial direct costs for existing leases.

Right of Use Assets and Liabilities

Operating lease right of use (“ROU”) assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As leases generally do not provide an implicit rate, FAMM’s incremental borrowing rate at commencement date is used to determine the present value of future payments. The operating lease ROU asset also includes any lease payments made and exclude lease incentives and any initial direct costs incurred. FAMM’s operating lease ROU assets and operating liabilities are calculated including options to extend the lease when it is reasonably certain that FAMM will exercise that option. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term.

Upon adoption of Topic 842, the recorded ROU assets and liabilities related to real estate rentals. Upon adoption of Topic 842, the balances at adoption date of accrued rent, lease incentives and unamortized assets and liabilities are now presented within operating lease ROU assets on FAMM’s financial position.

3. INVESTMENTS

FAMM adopted Statement of Financial Accounting Standards (ASC-958-320), “Accounting for Certain Investments Held by Not-for-Profit Organizations.” The provisions of this standard require that investments in equity securities with readily determinable fair values and all investments in debt securities be measured at fair value on the balance sheet. The unrealized gain or loss on investments is reflected in the statement of activities.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

4. FAIR VALUE MEASUREMENT

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following tables set forth by level within the fair value hierarchy FAMM's investment assets as of December 31, 2020.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Certificates of Deposits	<u>-</u>	<u>\$528,648</u>	<u>\$528,648</u>

The certificate of deposit bears an average interest rate of approximately .776%.

5. RELATED PARTY TRANSACTIONS

A related party relationship exists between FAMM and FAMM Action, an incorporated 501(c)(4) organization. The organizations share office space, leadership and personnel. Fundraising efforts, banking and financial reporting have been separated. For the year ended December 31, 2020, FAMM Action paid FAMM the Foundation \$80,000 to cover expenses incurred on behalf of the Foundation.

For the year ended December 31, 2020, FAMM received related party contributions totaling \$1,293,000 from Board members and entities related to Board members. Contributions from Board members and related entities comprised 21.25% of total revenue.

6. LEASE ARRANGEMENTS

FAMM has operating lease primarily for office space. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the lessee should use its

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

6. LEASE ARRANGEMENTS (continued)

incremental borrowing rate. However, FAMM elected an accounting policy to use a risk-free discount rate.

The following is a schedule displays the undiscounted cash flows due related to operating leases as of December 31, 2020, along with a reconciliation to the discounted amount recorded on the December 31, 2020 statement of financial position presented as follows:

2021	275,650
2022	283,232
2023	291,020
2024	<u>248,050</u>
Total undiscounted cash flows (weighted average term 7.5 years)	\$1,079,388
Less: Impact of present value discount (discount rate at 3%)	<u>(74,820)</u>
Amount reported on statement of Financial position	<u>\$1,004,568</u>

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2020, are restricted for the following purposes:

Subject to expenditure for specified purpose:	
General support – subject to passage of time	\$ 500,000
Subject to matching requirement	<u>375,000</u>

TOTAL **\$ 875,000**

8. METHODS USED FOR ALLOCATION OF EXPENSES FROM MANAGEMENT AND GENERAL

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses are grouped under general operating expenses and are allocated on a reasonable basis that is consistently applied. These expenses under general operating expenses include bank fees, occupancy, insurance, depreciation, internet, telephone, accounting and auditing fees and office expenses which are allocated on salaries basis, which are allocated on the basis of estimates of time and effort.

Total general operating expenses allocated among programs totaled \$371,358.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

9. GRANTS RECEIVABLE

Grants receivable consist of outstanding amounts due for grants which have been awarded to the Organization. The Organization recognizes grant income upon notification of the unconditional grant award.

The grants receivable balance of \$562,500 at December 31, 2020 broken down as follows:

Due in one to two years	<u>\$ 562,500</u>
TOTAL	<u>\$ 562,500</u>

FAMM does not record an allowance for uncollectible accounts receivable as accounts are written off when they are determined uncollectible.

10. ADVERTISING

FAMM incurred in 2020 advertising expense in the amount of \$12,575. The purpose of the advertising was for the promotion and supporting fair sentencing laws in accordance with the Organization's core mission.

11. IN-KIND CONTRIBUTIONS

During the year ended December 31, 2020, FAMM was the beneficiary of donated services, which allow FAMM to provide greater resources towards various programs. These consisted of donated consultant hours and legal fees. The total donation for 2020 was \$630,614.

12. BOARD DESIGNATED RESERVE

The Board of FAMM has elected to reserve funds from the unrestricted net assets. The total amount reserved is \$990,000 comprised of cash and certificates of deposit as of December 31, 2020. The Board approved to allocate the undesignated reserve to cover budgetary expenditures for 2020 and to allow six-months reserve of operating costs.

13. SUBSEQUENT EVENTS

In preparing these financial statements, FAMM has evaluated events and transactions for potential recognition or disclosure through April 12, 2021, the date the financial statements were issued.

FAMILIES AGAINST MANDATORY MINIMUMS FOUNDATION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

14. LIQUIDITY, AVAILABILITY AND RESERVES MANAGEMENT

FAMM nonprofit's process of liquidity management calls for the organization to maintain sufficient liquid financial assets in order to readily meet general expenditures and obligations as they become due. Management of the nonprofit periodically reviews the organization's liquid asset needs and adjusts the cash and cash equivalent balances as necessary.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, FAMM considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures.

FAMM has \$3,768,145 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure primarily consisting of cash of \$3,768,145. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Board designated a portion of its operating surplus to its liquidity reserve which was as of December 31, 2020, \$990,000. The purpose of the fund established by the governing board is to be able to draw upon the fund in the event of financial distress or immediate liquidity need resulting from events outside the typical cycle of converting financial assets to cash.

FAMM has calculated its financial assets available within one year of the statement of financial position date for general expenditures to be as follows:

Cash and cash equivalents	\$4,229,497
Investments in certificates of deposits	528,648
Grants and pledges receivable	<u>562,500</u>
Financial assets, at year end	\$5,320,645
Less: those unavailable for general expenditures within one year due to:	
Contractual or donor imposed restrictions:	
Matching requirement	(562,500)
Board designations:	
Amounts set aside for liquidity reserve	<u>(990,000)</u>
Financial assets available to meet cash Needs for general expenditures within One year	<u>\$3,768,145</u>