

**MOBILE GIVING FOUNDATION, INC.**

*FINANCIAL REPORT*

*December 31, 2020 and 2019*



**Tremper & Co., LLP**  
*Certified Public Accountants*

# Mobile Giving Foundation, Inc.

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*December 31, 2020 and 2019*

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
Mobile Giving Foundation, Inc.  
Bellevue, Washington

We have audited the accompanying financial statements of Mobile Giving Foundation, Inc. (a nonprofit organization), which comprise statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

***Auditor's Responsibility***

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mobile Giving Foundation, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Tremper + Co., LLP*

Certified Public Accountants

December 2, 2021

# Mobile Giving Foundation, Inc.

## Statements of Financial Position

December 31, 2020 and 2019

	ASSETS	
	2020	2019
<b>CURRENT ASSETS:</b>		
Cash	\$ 228,862	\$ 62,374
Donation account	25,456	26,505
	<u>254,318</u>	<u>88,879</u>
Accounts receivable, net of allowance for doubtful accounts	65,329	48,873
Contributions receivable	254,880	221,205
Prepaid expenses and other current assets	15,554	16,608
	<u>590,081</u>	<u>375,565</u>
<b>TOTAL CURRENT ASSETS</b>	<b>590,081</b>	<b>375,565</b>
<b>PROPERTY AND EQUIPMENT:</b>		
Furniture and equipment	11,801	12,926
(less) Accumulated depreciation	(8,925)	(11,625)
	<u>2,876</u>	<u>1,301</u>
<b>TOTAL PROPERTY AND EQUIPMENT (net)</b>	<b>2,876</b>	<b>1,301</b>
<b>TOTAL ASSETS</b>	<b>\$ 592,957</b>	<b>\$ 376,866</b>

### LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable and other current liabilities	\$ 93,482	\$ 204,510
Remittances payable	270,927	238,301
Deferred contribution revenue	84,762	20,433
	<u>449,171</u>	<u>463,244</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>449,171</b>	<b>463,244</b>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>143,786</b>	<b>(86,378)</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 592,957</b>	<b>\$ 376,866</b>

The accompanying notes are an integral part of these financial statements.

# Mobile Giving Foundation, Inc.

## Statements of Activities

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>REVENUE:</b>		
Donor advised contributions	\$ 1,854,095	\$ 1,443,073
Program income	761,473	618,304
General contributions	12,000	149,293
In-kind contributions	21,005	-
MGF Canada operations	24,000	48,000
Interest and other	1,095	2,307
<b>TOTAL REVENUE</b>	<b>2,673,668</b>	<b>2,260,977</b>
<b>EXPENSE:</b>		
Program services	2,383,864	2,187,899
Management and general	41,960	140,480
Fundraising	17,680	4,188
<b>TOTAL EXPENSE</b>	<b>2,443,504</b>	<b>2,332,567</b>
<b>OTHER EXTRAORDINARY ITEMS</b>		
Settlement	-	40,000
<b>TOTAL OTHER EXTRAORDINARY ITEMS</b>	<b>-</b>	<b>40,000</b>
<b>DECREASE IN NET ASSETS</b>	<b>230,164</b>	<b>(111,590)</b>
NET ASSETS WITHOUT DONOR RESTRICTIONS, <i>beginning of year</i>	(86,378)	25,212
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS, <i>end of year</i></b>	<b>\$ 143,786</b>	<b>\$ (86,378)</b>

The accompanying notes are an integral part of these financial statements.

# Mobile Giving Foundation, Inc.

## Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Increase (Decrease) in net assets	\$ 230,164	\$ (111,590)
Adjustments to reconcile decrease in net assets to net cash used by operating activities:		
Depreciation	1,158	1,509
Loss on disposition of assets	405	-
Change in accounts receivable	(16,456)	41,305
Change in contributions receivable	(33,675)	615,340
Change in prepaid expenses and other current assets	1,054	655
Change in accounts payable and other current liabilities	(111,028)	44,221
Change in contributions payable	32,626	(991,630)
Change in deferred revenue	64,329	(1,607)
<b>Total Adjustments</b>	<u>(61,587)</u>	<u>(290,207)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>168,577</u>	<u>(401,797)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	(3,138)	-
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(3,138)</u>	<u>-</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>165,439</b>	<b>(401,797)</b>
BEGINNING CASH AND CASH EQUIVALENTS	<u>88,879</u>	<u>490,676</u>
<b>ENDING CASH AND CASH EQUIVALENTS</b>	<u>\$ 254,318</u>	<u>\$ 88,879</u>

The accompanying notes are an integral part of these financial statements.

# Mobile Giving Foundation, Inc.

## Statement of Functional Expenses

*For the Year Ended December 31, 2020*

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donor advised contributions	\$ 1,854,095	\$ -	\$ -	\$ 1,854,095
Wages	210,213	30,241	12,743	253,197
Professional services	9,563			9,563
Platform expense	94,058			94,058
Short codes	85,000			85,000
Payroll taxes and benefits	47,758	6,870	2,895	57,523
Messaging and billing service	45,607			45,607
Bad debt	6			6
Insurance	14,336	2,062	869	17,267
Registration fees and testing	3,082			3,082
Travel and meetings	1,345	193	82	1,620
Telephone	6,902	993	418	8,313
Office and miscellaneous	3,355	482	203	4,040
Facilities and equipment	2,940	423	178	3,541
Subscriptions	2,120	305	128	2,553
Bank fees and transaction charges	1,640	236	99	1,975
Depreciation	962	138	58	1,158
Marketing	763			763
Postage and delivery	119	17	7	143
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 2,383,864</b>	<b>\$ 41,960</b>	<b>\$ 17,680</b>	<b>\$ 2,443,504</b>

*The accompanying notes are an integral part of these financial statements.*



# Mobile Giving Foundation, Inc.

## Statement of Functional Expenses

For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Donor advised contributions	\$ 1,443,073	\$ -	\$ -	\$ 1,443,073
Wages	306,299	21,024	3,008	330,331
Professional services	6,169	112,146	-	118,315
Platform expense	109,659	-	-	109,659
Short codes	99,000	-	-	99,000
Payroll taxes and benefits	66,131	4,539	649	71,319
Messaging and billing service	47,532	-	-	47,532
Insurance	17,768	-	-	17,768
Travel and meetings	11,835	1,131	162	13,128
Bad debt	42,537	-	-	42,537
Telephone	9,580	-	134	9,714
Registration fees and testing	12,952	618	88	13,658
Office and miscellaneous	6,240	428	61	6,729
Facilities and equipment	3,041	209	30	3,280
Subscriptions	2,216	152	22	2,390
Bank fees and transaction charges	1,589	109	16	1,714
Depreciation	1,399	96	14	1,509
Marketing	467	-	-	467
Postage and delivery	412	28	4	444
<b>TOTAL EXPENSES AND LOSSES</b>	<b>\$ 2,187,899</b>	<b>\$ 140,480</b>	<b>\$ 4,188</b>	<b>\$ 2,332,567</b>

*The accompanying notes are an integral part of these financial statements.*

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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### Note 1. **Summary of Significant Accounting Policies:**

#### **Nature of business**

Mobile Giving Foundation, Inc. (the “Foundation”), a nonprofit organization, headquartered in Bellevue, Washington, was established to enable the mobile channel for charitable giving in support of good causes by using the convenience, security, and ubiquity of text messaging and other wireless based billing systems. The Foundation provides a platform that tracks charitable contributions made via SMS text messaging and receives contributions collected by wireless carriers which are then remitted to the advised charitable organizations. The Foundation provides direct services to charitable organizations and also connects charitable organizations with Application Services Providers (ASPs) who establish and operate mobile giving campaigns for the charitable organizations. Foundation support comes primarily through program service fees, donor contributions, corporate sponsorships, and grants. As an Electronic Donor Advised Fund, the Foundation follows all donor advisements and as such reports a contribution payable at the time a donor advised contribution is made and as such there is no change to beginning net assets.

#### **Basis of accounting**

Assets, liabilities, and revenues and expenses are recognized on the accrual basis of accounting.

#### **Classification of cash equivalents**

The Foundation considers all highly liquid investments with a maturity of three months or less at date of purchase to be cash equivalents.

#### **Donation account**

Donations made by donors are billed and collected through wireless operators who in turn remit those funds to MGF on their behalf. The Foundation provides a platform that tracks charitable contributions made via SMS text messaging and issues grants to the qualified charitable organization upon receipt of contributions made by the public and collected by wireless carriers. These contributions are held in a separate checking account until they are remitted to the advised charitable organizations. The Foundation also records a liability for funds received and to be received from wireless carriers and not yet remitted to charitable organizations.

#### **Accounts receivable**

Accounts receivable result from the performance of program services and are reported at the amount management expects to collect on balances outstanding at year-end. An allowance for uncollectible accounts of \$81 at December 31, 2020 has been recorded (\$181 - 2019). Doubtful accounts are identified as those more than 90 days outstanding. Management closely monitors outstanding balances and records all balances that have been deemed uncollectible as of the financial statement report date.

#### **Depreciation and amortization**

Property and equipment are stated at cost if purchased and fair market value if contributed. Depreciation is computed using straight line methods over the estimated useful lives of seven years for office equipment and furnishings and seven to five years for computer equipment. Expenditures for normal maintenance and repairs are expensed as incurred.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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### Note 1. Summary of Significant Accounting Policies - *continued*:

#### **Program service income and contributions**

Program service fees in the form of monthly and annual fees charged to ASPs and charitable organizations comprise the majority of the Foundation's annual revenue. ASPs are charged a monthly fee determined by volume of events (campaigns or extra keywords) and transactions occurring in the prior month. Revenue from the monthly ASP fees is recognized in the month in which the service is performed. Charitable organizations pay a one-time registration fee and then an annual renewal fee. Revenue for the registration and renewal fees is recognized when billed.

The Foundation accounts for contributions in accordance with recommendations of the Financial Accounting Standards Board in FASB ASC 958 Accounting for Contributions Received and Contributions Made. In accordance with FASB ASC 958, contributions received are recorded as unrestricted or restricted support, depending on the existence or nature of any donor-imposed restrictions.

The financial statements of Mobile Giving Foundation, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require Mobile Giving Foundation, Inc. to report information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Mobile Giving Foundation, Inc. management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Mobile Giving Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

All donor restricted support is reported as an increase in restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified to unrestricted net assets and reported on the statements of activities as net assets released from restrictions. Restricted contributions received whose restrictions are met in the same reporting period are recorded as unrestricted support. The Foundation does not currently hold any donor restricted funds.

Contributed goods received are recognized in the accompanying financial statements as in-kind contributions. Donated goods are recorded at their estimated fair market value at the date of receipt.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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Note 1. **Summary of Significant Accounting Policies - *continued*:**

**Income taxes**

The Foundation operates as a 501(c)(3) Public Charity. Management believes it is no longer subject to income tax examinations for years prior to 2017.

**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 reported amount of assets and liabilities and disclosure 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.

Note 2. **Credit Risk:**

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. The Foundation does not consider this to be a significant credit risk.

The Foundation occasionally grants credit to its service providers and customers. Such receivables are unsecured.

Note 3. **Availability and Liquidity:**

The following represents Mobile Giving Foundation's financial assets at December 31, 2020:

Financial Assets at year end:	2020	2019
Cash	\$ 228,862	\$ 62,374
Donation account	25,456	26,505
Accounts receivable, net	65,329	56,513
Contributions receivable	254,880	182,496
Prepaid expenses and other current assets	15,554	16,608
Financial assets available to meet general expenditures over the next twelve months	\$ 590,081	\$ 344,496

Mobile Giving Foundation's goal is generally to maintain financial assets to meet 6 - 12 months of operating expenses.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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Note 4. **Platform agreement:**

In February 2015 the Foundation contracted to use the technology platform of Mobile Giving Foundation Canada (a non-related party) for administering the text to give contributions. Monthly fees under the agreement are \$7,600 (\$9,100 - 2019) . Additional fees outside the scope of the platform service are paid as incurred. Total payments made under the platform agreements during the year ended December 31, 2020 totaled \$94,058 (\$109,659 - 2019).

Note 5. **Revenue Recognition**

Customers are billed both on a monthly basis based on platform usage as well as services provided with revenues recognized at that time. Additionally, customers can opt to pay for services for campaign management in advance should they choose, typically no more than for one year. Services paid for in advance are recorded as contract liabilities and recognized as corresponding services are performed. \$28,074 of contract liabilities at December 31, 2019 were recognized as revenues during the year ended December 31, 2020 (\$22,040 - 2019 respectively).

Note 6. **Joint Costs and Functional Expenses:**

For the years ended December 31, 2020 and 2019, the Foundation conducted activities that included program service as well as management and general and fundraising components. Those activities included educating not-for-profit entities about the benefits of using the mobile channel for charitable giving, assisting not-for-profit entities in using the mobile channel for charitable giving, and fundraising and operational activities. These joint costs were allocated as follows:

	<u>2020</u>	<u>2019</u>
Program services	\$291,686	\$412,809
Management and general	41,961	28,335
Fundraising	<u>17,682</u>	<u>4,504</u>
Total	<u>\$351,329</u>	<u>\$445,198</u>

Mobile Giving Foundation, Inc. provides a sole program service; to quickly raise funds using an electronic DAF model to enable Mobile Giving Foundation, Inc. and indirectly, its donors, to react in real time to address critical charitable needs by offering donors a mechanism by which they can electronically make a contribution using their cell phones. The cost of providing program services and supporting activities (management and general, fundraising) have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

# Mobile Giving Foundation, Inc.

## Notes to Financial Statements

December 31, 2020 and 2019

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Note 6. **Joint Costs and Functional Expenses - continued:**

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Payroll and related benefits	Staff time
Office supplies and equipment	Staff time
Insurance	Staff time
Subscriptions	Staff time
Bank fees	Staff time
Depreciation	Staff time

Note 7. **Post – Employment Benefits:**

Mobile Giving Foundation, Inc. provides a 401(k) plan to its employees. Employees may contribute up to the IRS annual limits. The Foundation has no obligation to match employee contributions to the 401(k) plan and participants are fully vested in all employee contributions.

Note 8. **Contingencies:**

The Board of Directors of the Foundation continuously monitors the Foundation's financial health and evaluates the Foundation's ability to continue to serve its exempt purpose. The Board believes the Foundation has adequate resources to continue operations for at least the year following the audit report date. Of primary concern to the Board is the Foundation's ability to generate revenue through program service fees and donations, both of which are inherently uncertain revenue sources. If at any time the Board determines the Foundation is not able to continue to serve its exempt purpose, the Foundation will cease operations or transfer operations to a likeminded entity.

Note 9. **Subsequent Event:**

Subsequent to year end, the Foundation applied for and were approved for Paycheck Protection Program (PPP) loans totaling \$76,310. The loan accrues interest at a rate of 1% per annum but payments are not required to begin for six months after the funding date. PPP loan recipients are eligible for loan forgiveness up to 100% of the loan, upon meeting certain requirements. Management expects that these loans will be forgiven. The loan is uncollateralized and is fully guaranteed by the Federal government.

Management has evaluated subsequent events through December 2, 2021, the date on which the financial statements were available to be issued.