

RESPECTABILITY
FINANCIAL STATEMENTS
DECEMBER 31, 2020

KRONZEK, FISHER & LOPEZ, PLLC
Certified Public Accountants

RESPECTABILITY

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of RespectAbility
Rockville, MD

We have audited the accompanying financial statements of RespectAbility (a nonprofit organization), 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

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

Auditor's Responsibility

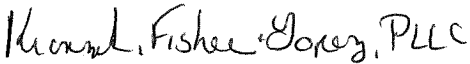
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RespectAbility 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.


KRONZEK, FISHER & LOPEZ, PLLC
Washington, DC
April 9, 2021

RESPECTABILITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

| | | |
|------------------------------------|----|--------------------------------|
| Cash and cash equivalents | \$ | 1,606,001 |
| Receivables (net of present value) | | 1,844,926 |
| Furniture & equipment (net) | | 6,050 |
| Deposits | | <u>9,819</u> |
| TOTAL ASSETS | | <u><u>\$ 3,466,796</u></u> |

LIABILITIES AND NET ASSETS

| | | |
|---------------------------------------|----|--------------------------------|
| Accounts payable and accrued expenses | \$ | 20,604 |
| Deferred revenue | | 20,677 |
| Note payable | | <u>10,000</u> |
| TOTAL LIABILITIES | | <u>51,281</u> |
| NET ASSETS | | |
| Without donor restrictions | | 1,938,906 |
| With donor restrictions | | |
| Purpose restrictions | | <u>1,476,609</u> |
| TOTAL NET ASSETS | | <u><u>3,415,515</u></u> |
| TOTAL LIABILITIES AND NET ASSETS | | <u><u>\$ 3,466,796</u></u> |

See accompanying notes to financial statements.

RESPECTABILITY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|---------------------|
| REVENUE | | | |
| Grants & contributions | \$ 893,674 | \$ 516,675 | \$ 1,410,349 |
| Contract revenue | 86,673 | - | 86,673 |
| Interest income | 2,858 | - | 2,858 |
| Miscellaneous revenue | 8,400 | - | 8,400 |
| | <u>991,605</u> | <u>516,675</u> | <u>1,508,280</u> |
| Net assets released from: | | | |
| Satisfaction of program restrictions | 974,507 | (974,507) | - |
| | <u>1,966,112</u> | <u>(457,832)</u> | <u>1,508,280</u> |
| EXPENSES | | | |
| Program Services | | | |
| Policy & Practices | 267,079 | - | 267,079 |
| Program Development Advocacy | 341,310 | - | 341,310 |
| Jewish Inclusion | 234,403 | - | 234,403 |
| National Leadership/Fellows | 216,267 | - | 216,267 |
| Community Outreach Partnerships (COP) | 147,697 | - | 147,697 |
| Total program expenses | <u>1,206,756</u> | <u>-</u> | <u>1,206,756</u> |
| Support Services | | | |
| Management | 252,451 | - | 252,451 |
| Fundraising | 168,704 | - | 168,704 |
| Total support services | <u>421,155</u> | <u>-</u> | <u>421,155</u> |
| Total expenses | <u>1,627,911</u> | <u>-</u> | <u>1,627,911</u> |
| CHANGE IN NET ASSETS | 338,201 | (457,832) | (119,631) |
| Beginning net assets | <u>1,600,705</u> | <u>1,934,441</u> | <u>3,535,146</u> |
| Ending net assets | <u>\$ 1,938,906</u> | <u>\$ 1,476,609</u> | <u>\$ 3,415,515</u> |

See accompanying notes to financial statements.

RESPECTABILITY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

| | Policy & Practices | Program Development Advocacy | Jewish Inclusion | National Leadership/ Fellows | Community Outreach | | Management | Fundraising | Total Expenses |
|------------------------------------|--------------------|------------------------------|-------------------|------------------------------|--------------------|---------------------|-------------------|-------------------|---------------------|
| | | | | | Program (COP) | Program | | | |
| Salaries, payroll taxes & benefits | \$ 183,116 | \$ 221,099 | \$ 140,584 | \$ 140,033 | \$ 113,759 | \$ 798,591 | \$ 42,705 | \$ 124,836 | \$ 966,132 |
| Fees for Services | | | | | | | | | |
| Legal | - | - | - | - | - | - | 5,305 | - | 5,305 |
| Accounting | - | - | - | - | - | - | 16,600 | - | 16,600 |
| Fellows | 830 | 480 | 1,000 | 16,795 | 1,325 | 20,430 | 25 | - | 20,455 |
| Charitable registrations | - | - | - | - | - | - | 4,631 | - | 4,631 |
| Outside contract services | 24,839 | 43,678 | 53,297 | 18,325 | 14,095 | 154,234 | 97,704 | 25,433 | 277,371 |
| Professional fees | 19,000 | - | - | - | - | 19,000 | - | - | 19,000 |
| Service fees | - | - | - | - | 160 | 160 | 5,255 | 1,217 | 6,632 |
| Advertising/promotion/media comm. | 5,823 | 7,043 | 2,778 | 735 | - | 16,379 | 5,406 | - | 21,785 |
| Postage, printing & copying | - | - | 854 | - | - | 854 | 339 | 1,685 | 2,878 |
| Info. technology/websites/webinars | 4,215 | 14,781 | 120 | - | - | 19,116 | 417 | - | 19,533 |
| Occupancy | 19,316 | 24,843 | 17,012 | 15,696 | 10,719 | 87,586 | 29,449 | 12,155 | 129,190 |
| Telephone/teleconferences | 2,072 | 2,665 | 1,825 | 1,684 | 1,150 | 9,396 | 3,160 | 1,304 | 13,860 |
| Travel/lodging/meals | 4,407 | 4,591 | 8,473 | 19,164 | 4,219 | 40,854 | 5,590 | 396 | 46,840 |
| Conferences/conventions/meetings | 200 | 5,743 | - | 200 | 408 | 6,551 | 3,956 | 340 | 10,847 |
| Insurance - general | 1,035 | 1,331 | 1,887 | 841 | 574 | 5,668 | 1,578 | 651 | 7,897 |
| Depreciation | 401 | 515 | 353 | 325 | 222 | 1,816 | 611 | 252 | 2,679 |
| Other | 1,825 | 14,541 | 6,220 | 2,469 | 1,066 | 26,121 | 29,720 | 435 | 56,276 |
| Total expenses | \$ 267,079 | \$ 341,310 | \$ 234,403 | \$ 216,267 | \$ 147,697 | \$ 1,206,756 | \$ 252,451 | \$ 168,704 | \$ 1,627,911 |

See accompanying notes to financial statements.

RESPECTABILITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

| | |
|---|----------------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ (119,631) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 2,679 |
| (Increase) decrease in assets | |
| Receivables | 607,260 |
| Prepaid expenses | 26,233 |
| Increase (decrease) in liabilities | |
| Accounts payable and accrued expenses | 7,978 |
| Deferred revenue | 20,677 |
| Note payable | 10,000 |
| Net cash provided (used) by operating activities | <u>555,196</u> |
| Net increase (decrease) in cash and cash equivalents | 555,196 |
| Cash and cash equivalents - January 1, 2020 | <u>1,050,805</u> |
| Cash and cash equivalents - December 31, 2020 | <u><u>\$ 1,606,001</u></u> |

See accompanying notes to financial statements.

RESPECTABILITY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 - ORGANIZATION

RespectAbility is an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is a publicly supported organization under Section 509(a)(1) of the Internal Revenue Code and Subsection 170(b)(1)(A)(vi). The organization's mission is to fight stigmas and advance opportunities so that people with disabilities can fully participate in all aspects of the community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Change in Accounting Principle – In June 2018, the FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The ASU amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The guidance provides a more robust framework to determine when a transaction should be accounted for as a contribution or as an exchange transaction. The guidance also requires an entity to determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or right of release of a promisor's obligation to transfer assets. Accordingly, the Organization adopted the provision of ASU 2018-08 during the fiscal year ended December 31, 2020. The adoption of this standard had no material impact on the accompanying financial statements.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America for not-for-profit organizations.

Revenue Recognition – All contributions are considered to be available for use at the discretion of the organization unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases the net assets with donor restrictions class. However, if a restriction is fulfilled in the same period in which the contribution is received, the organization reports the support as an increase in net assets without donor restrictions. The organization also reports donor-restricted contributions that were initially conditional as increases in net assets without donor restrictions if both the donor-imposed restriction and the condition are met in the same period.

Net Assets – Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantors) restrictions.

Net Asset 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

Cash and Cash Equivalents – The organization considers cash equivalents to be highly liquid investments with original maturities at time of purchase of less than 90 days.

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Furniture and equipment - -- Furniture & equipment with a useful life of more than one year and a unit acquisition cost of \$1,500 or more will be capitalized and depreciated over its useful life. The items will be recorded at cost. Depreciation is determined by the straight-line method based on an estimated useful life of five years.

Functional expenses - The costs of program and supporting service 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 programs and supporting services benefited.

Fair Value of Financial Instruments - The financial instruments of the organization are reported on the statement of financial position at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments. See Note 7 for a description of financial instruments carried at fair value.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 3 - PLEDGES RECEIVABLES (INCLUDED IN RECEIVABLES)

Pledges receivable as of December 31, 2020 are shown below at the present value of the estimated future cash flows using Treasury bill rates for similar term investments. As permitted by FASB ASC 958, the organization recognizes pledges expected to be collected within one year at net realizable value without discounting them to present value.

The applicable rate at December 31, 2020 was 0.10%.

| | |
|---|-----------------|
| Receivables expected to be collected within two years | \$ 357,500 |
| Receivables expected to be collected in three to five years | <u>487,500</u> |
| | \$ 845,000 |
| Less: Discount to net present value | <u>(1,480)</u> |
| Net pledges receivable to be collected within two to five years | \$ 843,520 |

NOTE 4 - CONCENTRATION OF CREDIT RISK

The organization maintains cash balances in excess of \$250,000 in accounts, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020 the organization's cash balance in excess of FDIC insurance totaled \$208,172.

RESPECTABILITY

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net Assets With Donor Restrictions are available for the following purposes:

| | |
|------------------------------|----------------|
| Fellows | \$484,103 |
| Jewish Inclusion | 303,134 |
| STIGMA/LAB/Civic Engagements | 125,000 |
| WIOA (Policy and Practices) | <u>564,372</u> |
| Total | \$1,476,609 |

Net assets were released from donor restrictions by incurring expenses satisfying the purpose of time or program restrictions specified by donors as follows:

Purpose restriction accomplished:

| | |
|------------------------------|----------------|
| Fellows | \$210,769 |
| Jewish Inclusion | 234,758 |
| STIGMA/LAB/Civic Engagements | 262,500 |
| WIOA (Policy and Practices) | <u>266,480</u> |
| Total | \$974,507 |

NOTE 6 – RETIREMENT PLAN

Effective for 2020, the organization approved a matching program of employee retirement contributions up to \$1,000 per full time employee (30 hours or more per week). The organization's contributions and matching amounts are vested after three years of employment. The retirement expense for the year ending December 31, 2020 was \$9,229, which is comprised of employer contributions.

NOTE 7 – FAIR VALUE MEASUREMENTS

The organization follows FASB ASC 820-10 for financial assets (and liabilities) measured on a recurring basis, as amended. FASB ASC 820-10 clarifies fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FASB ASC 820-10 emphasizes that fair value is a market based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820-10 established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

Level 1 – inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset and liability, either directly or indirectly, through corroboration with observable market data (market corroborated inputs).

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NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

NOTE 7 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 3 – unobservable inputs for the asset or liability including inputs that reflect the reporting entity's own assumptions in determining the fair value measurements.

As of December 31, 2020 the Organization did not have any assets and liabilities that are measured at fair value on a recurring basis.

NOTE 8 – INCOME TAXES

The organization is exempt from income taxes under Internal Revenue Code 501(c)(3) and applicable Maryland statutes. No provision for income taxes is required at December 31, 2020, as the Organization had no net unrelated business income.

The organization follows FASB ASC 740 Income Taxes, the authoritative guidance relating to accounting for uncertainty in income taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Organization performed an evaluation of uncertain tax positions for the year ended December 31, 2020, and determined that there were no matters that would require recognition in the financial statements or which may have any effect on its tax- exempt status. As of December 31, 2020, the statute of limitations for tax years 2017 through 2019 remains open with Federal and Maryland authorities.

NOTE 9 - LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | |
|--|--------------------|
| Financial assets, at year end | \$2,589,001 |
| Less those unavailable for general expenditures within one year due to: | |
| Restriction by donor for purpose | <u>(1,476,609)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$1,112,392</u> |

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is generally held in savings or money market accounts until it is required for operational use.

NOTE 10 – SUBSEQUENT EVENTS

The organization's management has evaluated subsequent events through April 9, 2021 the date the financial statements were available to be issued. There were no subsequent events identified through April 9, 2021 which were required to be disclosed in these financial statements.

The COVID-19 outbreak in the United States continues to cause disruption through mandated and voluntary closings of businesses and organizations. The extent of the impact of COVID-19 on our

RESPECTABILITY

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

NOTE 10 – SUBSEQUENT EVENTS (CONTINUED)

operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our funders, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent of which COVID-19 may impact our financial condition or results of operations is still uncertain.