

Mothers Against Drunk Driving

Independent Auditor's Reports and Financial Statements

December 31, 2020

Mothers Against Drunk Driving
December 31, 2020

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Independent Auditor's Report

Board of Directors
Mothers Against Drunk Driving
Irving, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Mothers Against Drunk Driving (MADD), 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

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 MADD as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in *Note 1* to the financial statements, in 2020, MADD adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers* (Topic 606). Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021, on our consideration of MADD's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MADD's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MADD's internal control over financial reporting and compliance.

BKD, LLP

Dallas, Texas
June 7, 2021

Mothers Against Drunk Driving
Statement of Financial Position
December 31, 2020

Assets

Cash and cash equivalents:		
Unrestricted	\$	2,635,897
Restricted		<u>199,502</u>
Total cash and cash equivalents		2,835,399
Investments		14,004,081
Trade accounts receivable		145,282
Grants receivable		2,596,773
Prepaid expenses and other assets		474,392
Literature and supplies inventory		37,385
Contributions receivable, net		1,124,561
Property and equipment, net		<u>212,691</u>
Total assets	\$	<u><u>21,430,564</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$	207,510
Accrued liabilities		1,497,138
Deferred revenue		168,645
Deferred rent		567,446
Payroll Protection Program funding		<u>3,708,348</u>
Total liabilities		<u>6,149,087</u>

Net Assets

Net assets without donor restriction		14,068,022
Net assets with donor restriction		<u>1,213,455</u>
Total net assets		<u>15,281,477</u>
Total liabilities and net assets	\$	<u><u>21,430,564</u></u>

Mothers Against Drunk Driving
Statement of Activities
Year Ended December 31, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions			
Individual contributions	\$ 6,769,638	\$ 20,863	\$ 6,790,501
Corporate contributions	2,880,913	735,500	3,616,413
Foundation contributions	634,369	114,000	748,369
In-kind contributions	2,030,432	-	2,030,432
Government grants and contracts	8,700,825	-	8,700,825
Special events	35,148	-	35,148
Cost of direct benefit to donor	(132,703)	-	(132,703)
Net special events	(97,555)	-	(97,555)
Other revenue			
Investment return, net	1,305,937	-	1,305,937
Victim impact panels and court ordered revenue	6,166,156	-	6,166,156
Licenses, registration and other revenue	873,812	-	873,812
Total contributions, government grants and contracts, special events and other revenue	29,264,527	870,363	30,134,890
Net assets released from restriction	1,546,548	(1,546,548)	-
Total revenues	<u>30,811,075</u>	<u>(676,185)</u>	<u>30,134,890</u>
Expenses			
Program services			
Campaign to eliminate drunk driving	13,702,713	-	13,702,713
Underage drinking	1,478,234	-	1,478,234
Victim services	7,782,145	-	7,782,145
Total program services	22,963,092	-	22,963,092
Supporting services			
Management and general	6,179,504	-	6,179,504
Fundraising	3,088,462	-	3,088,462
Total supporting services	9,267,966	-	9,267,966
Total expenses	32,231,058	-	32,231,058
Change in Net Assets Before Provision for Loss on Uncollectible Pledges	(1,419,983)	(676,185)	(2,096,168)
Loss on uncollectible pledges	-	(319,444)	(319,444)
Change in Net Assets	(1,419,983)	(995,629)	(2,415,612)
Net Assets, Beginning of Year	15,488,005	2,209,084	17,697,089
Net Assets, End of Year	<u>\$ 14,068,022</u>	<u>\$ 1,213,455</u>	<u>\$ 15,281,477</u>

Mothers Against Drunk Driving
Statement of Functional Expenses
Year Ended December 31, 2020

	Program Services				Support Services			
	Campaign to Eliminate Drunk Driving	Underage Drinking Prevention	Victim Services	Total Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries, benefits, and related taxes	\$ 7,330,768	\$ 1,127,359	\$ 5,420,437	\$ 13,878,564	\$ 3,830,313	\$ 558,327	\$ 4,388,640	\$ 18,267,204
Professional fees and outside contract services	1,176,971	93,456	79,007	1,349,434	572,925	1,060,878	1,633,803	2,983,237
Advertising expense	1,871,831	23,168	1,002,819	2,897,818	3,849	99,086	102,935	3,000,753
Occupancy	891,738	100,393	804,628	1,796,759	354,975	75,110	430,085	2,226,844
Printed materials	626,707	35,893	68,035	730,635	778	673,535	674,313	1,404,948
Supplies	265,809	23,388	39,990	329,187	76,369	104,678	181,047	510,234
Office expense	241,285	26,176	167,104	434,565	291,855	11,949	303,804	738,369
Travel	166,267	13,091	69,494	248,852	42,850	5,349	48,199	297,051
Postage and shipping	589,580	18,019	74,075	681,674	41,463	604,594	646,057	1,327,731
Service fees	473,256	11,011	14,038	498,305	902,625	21,917	924,542	1,422,847
Insurance	42,853	5,747	32,532	81,132	8,138	2,355	10,493	91,625
Meetings and conference registration	5,374	-	5,794	11,168	3,254	-	3,254	14,422
Federal income tax	-	-	-	-	2,118	-	2,118	2,118
Other expense	20,274	533	4,192	24,999	47,992	3,387	51,379	76,378
Total expenses	13,702,713	1,478,234	7,782,145	22,963,092	6,179,504	3,221,165	9,400,669	32,363,761
Less: cost of direct benefit to donor	-	-	-	-	-	(132,703)	(132,703)	(132,703)
Total expenses included in the expense section on the statement of activities	\$ 13,702,713	\$ 1,478,234	\$ 7,782,145	\$ 22,963,092	\$ 6,179,504	\$ 3,088,462	\$ 9,267,966	\$ 32,231,058

Mothers Against Drunk Driving
Statement of Cash Flows
Year Ended December 31, 2020

Operating Activities	
Change in net assets	\$ (2,415,612)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	58,680
Net realized and unrealized gain on investments	(1,102,050)
Bad debt on contributions receivable	319,444
Changes in	
Accounts receivable	428,096
Grants receivable	(379,571)
Contributions receivable	389,126
Prepaid expenses and other assets	667,140
Literature and supplies inventory	25,275
Accounts payable	155,619
Accrued liabilities	(248,402)
Deferred revenue	(50,304)
Deferred rent	(65,024)
Payroll Protection Program funding	<u>3,708,348</u>
Net cash provided by operating activities	<u>1,490,765</u>
Investing Activities	
Proceeds from sales of investments and maturities of certificates of deposit	820,400
Purchases of investments	<u>(425,968)</u>
Net cash provided by investing activities	<u>394,432</u>
Increase in Cash and Cash Equivalents and Restricted Cash	1,885,197
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	<u>950,202</u>
Cash and Cash Equivalents and Restricted Cash, End of Year	<u>\$ 2,835,399</u>
Summary of Cash and Cash Equivalents and Restricted Cash	
Cash and cash equivalents	\$ 2,635,897
Restricted cash	<u>199,502</u>
Total Cash and Cash Equivalents and Restricted Cash	<u>\$ 2,835,399</u>

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

Note 1: Organization and Summary of Significant Accounting Policies

Organization

Mothers Against Drunk Driving (MADD) is a national not-for-profit organization whose mission is to end drunk driving, help fight drugged driving, support the victims of these violent crimes, and prevent underage drinking.

MADD is a Washington, D.C. not-for-profit corporation. The 129 field locations (as of December 31, 2020) throughout the United States are integral parts of the corporation and have no separate legal status. Moreover, they function under the auspices of the MADD National Office, which in addition to directly administering various nationwide programs, provides organizational, technical, and other support services to these community-based groups.

Community programs consist of prevention and awareness programs and campaigns that are administered by the National Office and field locations to achieve the mission of MADD. These include programs to promote greater awareness about the problems of substance-impaired driving and underage drinking, programs to mobilize communities in eliminating these problems, support and advocacy services to drunk and drugged driving victims and their families, and other related programs. The following is a list of some of these programs, campaigns, and activities:

Community Outreach, Public Awareness, and Public Policy

- | | |
|--|---|
| * <i>Campaign to Eliminate Drunk Driving</i> ® | * madd.org |
| * Public Policy/Government Relations | * Media Awards |
| - Legislative Updates and Alerts | * <i>Walk Like MADD</i> ® |
| - Advocacy | * MADD National Conference |
| - e-Newsletter | * Public Service Announcements |
| - Discussion Forum | * Media Communications/Press Events |
| - Statistics | * Direct Mail Education/Awareness Programs |
| * Law Enforcement Recognition Events | * Telephone Education/Awareness Programs |
| * Law Enforcement Support/Collaboration | * General Educational materials & Brochures |
| * Court Monitoring Program | * Volunteer Management: <i>Driven to Save Lives</i> |
| * <i>Tie One On for Safety</i> ® | * <i>MADD Victim Impact Panels</i> ® |

Underage Drinking Prevention

- | | |
|---|---------------------------------------|
| * <i>Power of Parents</i> ® Program | * <i>Power of Community</i> ® program |
| * <i>PowerTalk 21</i> ® day | * <i>Power of You(th)</i> ® program |
| * <i>Power of Parents Start Making a Right Turn (SMART™)</i> parent program | |
| * <i>Power of You(th) Start Making a Right Turn (SMART™)</i> teen program | |

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

Victim Services

- * Victim Assistance 24 Hour 877-MADD-HELP helpline
- * Crisis Intervention for Victims
- * Court Accompaniment
- * Victim Assistance Support, Advocacy & Education
- * Victim Services How-to Manuals
- * Online Support Group
- * Child Endangerment Assistance
- * Concerned Citizens Assistance
- * Death Notification Seminars
- * Victim Support Groups
- * Victim Service Public Service Announcements
- * Victim Tributes
- * Beginning and Advanced Victim Assistance Training Institutes
- * Training of Allied Professionals
- * Trauma Tips
- * Crime Victim Rights Week
- * Victim Assistance Literature
- * *MADDvocate*® Magazine
- * *MADD Victim Impact Panels*®
- * Victim Photo Board Wall of Honor
- * Candlelight Victim/Survivor Tributes
- * Live Online Chat Support

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

MADD considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2020, cash equivalents consisted primarily of money market accounts with brokers. Uninvested cash and cash equivalents included in investment accounts are not considered to be cash and cash equivalents. At December 31, 2020, MADD's cash accounts exceeded federally insured limits by approximately \$2,490,000.

Cash and Cash Equivalents - Restricted

Amounts presented as restricted cash and cash equivalents at December 31, 2020 represent amounts restricted by a granting agency. These funds are required to be held in a separate bank account.

Investments and Net Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external and direct internal investment expenses.

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Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Trade Accounts Receivable and Grants Receivable

Trade accounts receivable are stated at the amount of consideration from customers or participants, of which MADD has an unconditional right to receive. MADD provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions.

Grants receivable consists of amounts due from government agencies and represent amounts due to MADD in accordance with cost-reimbursement contracts. Government grant receivables are fully collectible.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets consist of deposits, prepaid rent, prepaid insurance, and other similar amounts that relate to future periods.

Literature and Supplies Inventory

Supplies of literature and other program-related materials are stated at the lower of cost or net realizable value, with cost being determined using the actual cost method.

Property and Equipment

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. MADD capitalizes items in excess of \$5,000 which have a useful life greater than one year. Depreciation and amortization is charged to expense on the straight-line basis over the estimated useful life of each asset. Assets under leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Furniture and fixtures	3 - 5 years
Office equipment	3 - 5 years
Copier equipment	3 - 5 years
Leasehold improvements	Life of lease

Mothers Against Drunk Driving

Notes to Financial Statements

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Long-Lived Asset Impairment

MADD evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended December 31, 2020.

Deferred Revenue

Deferred revenue for MADD primarily consists of advance payments from granting agencies or future events to be held and are recognized when the underlying conditions or event occurs.

Deferred Rent

Deferred rent includes the difference in the annual, escalating rent amounts and the straight-line rent expense. Deferred rent is amortized over the life of the lease.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor or certain grantor restrictions.

Net assets with donor restrictions are subject to donor or certain grantor restrictions. Some 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 restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that replaces existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. MADD adopted this standard on January 1, 2020, using a modified retrospective approach with the cumulative effect of initially applying the new standard, if any, to be recognized in net assets at the beginning of the year of adoption. MADD has applied the new standard to all contracts not complete at the date of adoption. MADD's

Mothers Against Drunk Driving

Notes to Financial Statements

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adoption of Topic 606 did not result in a change to the timing of revenue recognition nor an adjustment to previously reported net assets.

Performance Obligations

Revenue from exchange transactions is measured as the amount of consideration MADD expects to receive in exchange for transferring distinct goods or providing benefit to event attendees. MADD's revenue generated from exchange transactions consists substantially of registration revenue for *MADD Victim Impact Panels*® and Law Enforcement Recognition Events, court ordered revenue, and licensing agreements. MADD recognizes revenue when performance obligations under the terms of contracts with its customers or attendees are satisfied, which occurs over the course of the related event or panel.

All revenues were recognized over time for the year ended December 31, 2020, with the exception of magazine sales and mailing list revenues of \$18,189 and \$64,164, respectively, which is included in licenses, promotions and other revenue in the accompanying statement of activities.

Revenue Recognition

Contributions

Contributions are provided to MADD either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on MADD overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Mothers Against Drunk Driving

Notes to Financial Statements

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In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method. Contributions receivable are primarily from organizations or individuals and are stated at the amount that management expects to collect from outstanding balances.

When a donor stipulated time restriction ends or purpose 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. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Government Grants

Support funded by grants is recognized as MADD meets the conditions prescribed by the grant agreement, performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Special Events

MADD conducts special fundraising events, including golf tournaments, dinners, auctions and breakfasts. However, only events where there is a registration or participation fee are included in special events revenue; contributions raised in conjunction with events are included as contribution revenue. The cost of the direct benefit to donors that the participant receives at such events is presented on the statement of activities to result in net special events revenue. All other expenses related to special events are allocated to fundraising expense.

Victim Impact Panels

Revenue from victim impact panels is recognized as MADD satisfies their performance obligations, which is as the panels occur.

Licenses, Registration and Other

Licenses, promotions, and other revenue are recognized as MADD satisfies their performance obligations, which is over the course of the agreement. MADD has entered into royalty agreements with various third parties relating to use of the MADD name and brand. Revenue recognized under these royalty agreements is included in licenses, promotions, and other revenue in the accompanying statement of activities.

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

In-kind Contributions

In addition to receiving cash contributions, MADD receives in-kind contributions of advertising and other professional services from various donors. It is the policy of MADD to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by the same amount.

Conditional Grants

MADD has \$8,858,806 in conditional government grants from various federal and state agencies at December 31, 2020 that are not recognized in the financial statements.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2020 was \$3,000,753, including \$1,982,353 of in-kind advertising costs. It is the policy of MADD to record the estimated fair value of certain in-kind donations as an expense in its financial statements, and similarly increase contribution revenue by same amount.

Functional Allocation of Expenses

The costs of supporting the various programs and other 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. Certain costs have been allocated among the program, management and general and fundraising categories based on employee time studies, specific identification and other methods.

Income Taxes

MADD is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, MADD is subject to federal income tax on any unrelated business taxable income. For the year ended December 31, 2020, MADD had net unrelated business income of approximately \$18,000.

MADD files tax returns in the U.S. federal jurisdiction.

Lease Accounting

MADD determines whether to account for its leases as operating, capital, or financing leases depending on the underlying terms of the lease agreement. This determination of classification is complex and requires significant judgment relating to certain information including the estimated fair value and remaining economic life of the leased assets, MADD's cost of funds, minimum lease payments, and other lease terms.

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Notes to Financial Statements

December 31, 2020

General Litigation

MADD is subject to a claim that arose primarily in the ordinary course of its activities. It is the opinion of management the disposition or ultimate resolution of such claim will not have a material adverse effect on the financial position, change in net assets and cash flows of MADD. Events could occur that would change this estimate materially in the near term.

Note 2: Investments

Investments at December 31, 2020 consisted of the following:

Cash and cash equivalents (money markets)	\$ 2,309,252
Mutual funds:	
Fixed income	6,958,073
Domestic stock equities	2,843,603
International stock equities	<u>1,893,153</u>
Total investments	<u>\$ 14,004,081</u>

Total net investment return is comprised of the following:

Interest and dividend income	\$ 226,003
Net realized gains on sales of investments	60,981
Net unrealized gains on investments	1,041,069
Investment fees	<u>(22,116)</u>
Total net investment return	<u>\$ 1,305,937</u>

Note 3: Disclosures About Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, 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

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December 31, 2020

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

Recurring Measurements

The following table presents the fair value measurements of investments recognized in the accompanying statement of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020:

	Fair Value	Fair Value Measurements Using		
		In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds:				
Fixed income	\$ 6,958,073	\$ 6,958,073	\$ -	\$ -
Domestic stock	2,843,603	2,843,603	-	-
International stock	1,893,153	1,893,153	-	-
Total	<u>\$ 11,694,829</u>	<u>\$ 11,694,829</u>	<u>\$ -</u>	<u>\$ -</u>

The following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2020.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified as Level 2. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

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Notes to Financial Statements
December 31, 2020

Note 4: Contributions Receivable

MADD has entered into various sponsorships agreements with third parties. The terms of the agreements range from one to fifteen years. Included in contributions receivable are the following unconditional promises to give at December 31, 2020:

Pledges and charitable lead trust receivable before unamortized discount	\$ 1,208,361
Less unamortized discount	<u>(83,800)</u>
Contributions receivable, net	<u><u>\$ 1,124,561</u></u>

Contributions receivable are discounted using rates ranging from 1.43% to 2.73%.

Contributions receivable are expected to be collected in:	
Less than one year	\$ 512,194
One to five years	630,778
Greater than five years	<u>65,389</u>
	<u><u>\$ 1,208,361</u></u>

MADD is a beneficiary of a charitable lead trust from which MADD is to receive over a period of 15 years, an amount each year equal to the value of the remaining income and principal of the trust fund divided by the number of years remaining in the term of the trust fund. The present value of future cash receipts from this trust fund was approximately \$186,700 as of December 31, 2020 and is recorded in contributions receivable.

Note 5: Property and Equipment

Property and equipment consist of the following at December 31, 2020:

Furniture and fixtures	\$ 121,025
Office equipment	536,076
Copier equipment	190,121
Leasehold improvements	<u>450,087</u>
	1,297,309
Less accumulated depreciation and amortization	<u>(1,084,618)</u>
Property and equipment, net	<u><u>\$ 212,691</u></u>

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2020

Note 6: Accrued Liabilities

Accrued liabilities consist of the following at December 31, 2020:

Accrued payroll, benefits and vacation	\$ 935,890
Consulting and outsourced services	336,345
Other accrued expenses	224,903
	<u>224,903</u>
	<u>\$ 1,497,138</u>

Note 7: Net Assets With Donor Restriction

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

Subject to expenditure for specified purpose	
Campaign To Eliminate Drunk Driving	\$ 45,996
Victim services	10,000
	<u>55,996</u>
Subject to the passage of time	
Charitable lead trust	186,686
Pledges receivable	249,773
	<u>436,459</u>
Subject to the passage of time and expenditure for specified purpose	
Underage drinking prevention	675,000
Campaign To Eliminate Drunk Driving	12,500
Other	33,500
	<u>721,000</u>
	<u>\$ 1,213,455</u>

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2020

Satisfaction of purpose restrictions	
Underage drinking prevention	\$ 144,690
Campaign To Eliminate Drunk Driving	38,677
Other	6,806
	190,173
Expiration of time restrictions	
Charitable lead trust	29,719
Pledges receivable	380,460
	410,179
Expirations of time restrictions and satisfaction of purpose restrictions	
Underage drinking prevention	230,556
Campaign To Eliminate Drunk Driving	682,140
Other	33,500
	946,196
	\$ 1,546,548

Note 8: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2020, comprise the following:

Unrestricted cash and cash equivalents	\$ 2,635,897
Investments	14,004,081
Trade accounts receivable	145,282
Grants receivable	2,596,773
Contributions receivable	1,124,561
Total financial assets	20,506,594
Less donor imposed restrictions not expected to be used in next year	
Donor imposed restrictions	
Restricted funds	701,261
Total donor imposed restrictions	701,261
Financial assets available to meet cash needs for general expenditures within one year	\$ 19,805,333

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

MADD receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. For the year ended December 31, 2020, restricted contributions of \$512,194 were included in financial assets available to meet cash needs for general expenditures within one year.

MADD manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. MADD has a liquidity goal to maintain current financial assets less current liabilities at a minimum of six months operating expenses, excluding in-kind expenses. To achieve these targets, MADD forecasts its future cash flows and monitors its liquidity and reserves, and monitors its reserves daily.

Note 9: Employee Benefit Plans

MADD has two employee benefit plans. A defined contribution retirement plan (the 401(a) Plan) and a tax-deferred retirement plan (the 403(b) Plan). The 401(a) Plan covers all eligible employees of MADD who are at least 21 years of age, have completed one year of service, and have worked at least 1,000 hours. Employee contributions are not allowed under the 401(a) Plan. Employees are fully vested after five years of service or, if hired prior to July 1989 are fully vested after three years of service. Employer contributions are discretionary and determined annually by MADD. There were no discretionary contributions for the year ended December 31, 2020.

MADD allows eligible employees to contribute to the 403(b) Plan, which is subject to Sections 403 and 501 of the Code. All eligible employees may contribute to the 403(b) Plan any whole percentage of their eligible salary not to exceed the maximum allowed by the Code. The total value of the participant's contribution is fully and immediately vested. MADD matches eligible employee contributions up to 3% of compensation. MADD's contributions to the 403(b) Plan, which are included in salaries, benefits, and taxes on the statement of functional expenses, was \$94,240 for the year ended December 31, 2020.

Note 10: Leases

The MADD National Office and certain field locations have non-cancelable operating lease agreements for office space at various locations that expire through March 2026. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. MADD recognizes escalating lease payments on a straight-line basis over the term of each respective lease. Future annual minimum lease payments due under these leases are as follows for the years ended December 31:

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2020

2021	\$ 1,207,367
2022	884,571
2023	755,737
2024	544,581
2025	<u>617,010</u>
	<u>\$ 4,009,266</u>

Rent expense, which is included in occupancy on the statement of functional expenses, totaled approximately \$1,676,000 for the year ended December 31, 2020.

MADD has contracted with a third-party vendor to represent MADD in various real estate leasing transactions and to perform administrative functions related to those leases. The agreement has a term of three years with optional multi-year extensions.

Note 11: Commitments, Concentrations and Uncertainties

Contributions and Government Grants

At December 31, 2020, four donors comprised approximately 86% of contributions receivable. In addition, at December 31, 2020, one grantor comprised approximately 31% of grants receivable.

For the year ended December 31, 2020, approximately 29% of total revenue was related to federal awards, and approximately 99% of total federal awards were related to two federal agencies, the U.S. Department of Transportation and U.S. Department of Justice.

Investments

MADD invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statement of financial position.

Note 12: CARES Act

MADD received a Payroll Protection Program (PPP) loan established by the CARES Act in April 2020 totaling \$3,708,348, which is subject to forgiveness if certain conditions are satisfied. The Organization has elected to account for the funding as a conditional contribution by applying ASC Topic 958-605, *Revenue Recognition*. Revenue is recognized when conditions are met, which include meeting full-time equivalent employee and salary reduction requirements and incurring

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

eligible expenditures. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), or lender; as a result of such audit, adjustments could be required to the recognition of revenue.

At December 31, 2020, formal notification of forgiveness had not been received and conditions had not been met. As such, the loan is included within liabilities in the accompanying statement of financial position.

Note 13: Revenue from Contracts with Customers

Victim Impact Panel Revenue

Revenue is measured as the amount of consideration MADD expects to receive in exchange for providing benefit to victim impact panel attendees. These amounts are due from attendees and include variable consideration for in person victim impact panel rescheduling fees. Revenue is recognized as performance obligations are satisfied, which is ratably over the victim impact panel, or upon expiration of the time frame for the completion of the panel, whichever occurs first.

Victim impact panel revenue for 2020 was \$5,944,430, and is included in victim impact panels and court ordered revenue in the accompanying statement of activities.

Registration Revenue

Revenue is measured as the amount of consideration MADD expects to receive in exchange for providing benefit to event attendees. These amounts are due from attendees and does not include variable consideration. Revenue is recognized as performance obligations are satisfied, which is ratably over the event.

Registration revenue for 2020 was \$584,596, and is included in victim impact panels and court ordered revenue in the accompanying statement of activities.

Transaction Price and Recognition

MADD determines the transaction price based on standard charges for goods and services provided. Payment is typically due at the time the contract is entered into, or in accordance with the terms of the specific agreement.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to revenue in the period of the change. Subsequent changes that are determined to be the result of an adverse change in the customer's ability to pay are recorded as bad debt expense.

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Notes to Financial Statements

December 31, 2020

MADD has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factors:

- Payors (for example, customer, event attendees, etc.) that have different reimbursement and payment methodologies
- Geography of the service location
- MADD's line of business that provided the service

For the year ended December 31, 2020, MADD recognized revenue of \$6,957,615 from services that transfer to the customer or attendee over time and \$82,353 from goods that transfer to the customer at a point in time.

Contract Balances

The following table provides information about MADD's contract liabilities, which are included within deferred revenue in the accompanying statement of financial position, from contracts with customers:

	2020
Contract liabilities, beginning of year	\$ 210,825
Contract liabilities, end of year	166,818

MADD did not have contract assets or accounts receivable related to contracts with customers at beginning of year or end of year 2020.

Note 14: Future Change in Accounting Principles

Accounting for Leases

The Financial Accounting Standards Board (FASB) amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the statements of financial position as both a right-of-use asset and a liability. The standard has two types of leases for statements of activities recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2020

periods beginning after December 15, 2021, and any interim periods within annual reporting periods that begin after December 15, 2022. MADD is evaluating the effect the standard will have on the financial statements; however, the standard is expected to have a material effect on the financial statements due to the recognition of additional assets and liabilities for operating leases.

Presentation and Disclosure for Contributed Nonfinancial Assets

On September 17, 2020, the FASB issued Accounting Standards Update 2020-07, *Topic 958: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The standard requires contributed nonfinancial assets to be presented on a separate line item in the statement of activities, segregated apart from contributions of cash and other financial assets. Additionally, disclosure requirements have been amended to require a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets, as well as specific disclosure requirements for each category recognized. The amendments in this Update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

MADD is evaluating the impact of these standards on the financial statements.

Note 15: Subsequent Events

Subsequent events have been evaluated through June 7, 2021, which is the date the financial statements were available to be issued.

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. In January 2021, MADD received notification of the approval of a second loan in the amount of \$2,000,000 pursuant to the Paycheck Protection Program. MADD anticipates using all of the proceeds to make eligible payments, and therefore, expects substantially all of the loan will be forgiven.

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of MADD. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Information

Mothers Against Drunk Driving

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor	Program Title	Recipient MADD Office	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services					
U.S. Department of Health and Human Services, Substance Abuse and Mental Health Services Administration					
Pass-Through Programs:					
<u>Block Grants for Prevention and Treatment of Substance Abuse</u>					
South Carolina Department of Alcohol and Other Drug Abuse Services	Prevent Underage Drinking	South Carolina, State Office	93.959	MADD-UDS-20	\$ 22,826
South Carolina Department of Alcohol and Other Drug Abuse Services	Prevent Underage Drinking	South Carolina, State Office	93.959	MADD-UDS-21	18,026
South Carolina Department of Alcohol and Other Drug Abuse Services	Prevent Underage Drinking	South Carolina, State Office	93.959	74-615	21,934
Total expended under 93.959					62,786
Total U.S. Department of Health and Human Services					62,786
U.S. Department of Justice					
U.S. Department of Justice, Office for Victims of Crime					
Pass-Through Programs:					
<u>Crime Victim Assistance (VOCA)</u>					
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Victim Assistance Program	Alabama, State Office	16.575	17-VA-VS-024	78,861
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Crime Victim Assistance	Alabama, State Office	16.575	19-VA-VS-031	17,864
Arkansas Dept. of Finance and Administration	MADD Direct Victim Service & Resources to Drunk and Drugged Victims	Arkansas, State Office	16.575	190671-18VG	19,940
Arizona Dept of Public Safety	Crime Victim Assistance	Arizona, State Office	16.575	2018-299	144,288
Arizona Dept of Public Safety	Crime Victim Assistance	Arizona, State Office	16.575	2019-VS-GX-0041	35,561
Illinois Criminal Justice	Child Abuse, Financial Crime and Impaired Driving	Illinois State	16.575	217374	42,682
Governors Office of Crime Control and Prevention	Victim Services	Maryland, State Office	16.575	VOCA-2018-0120	22,052
Governors Office of Crime Control and Prevention	Maryland's Victim Services	Maryland, State Office	16.575	VOCA-2019-0028	2,589
Minnesota Department of Public Safety ("State")	Crime Victim Services 2020	Minnesota, State Office	16.575	A-CVSI-2020-MADD-MN-045	71,147
Missouri State Department of Social Services, Division of Finance and Administrative services	Victims of Crime Act	Missouri, State Office	16.575	ER130200073	206,098
North Carolina, State Governor's Crime Commission	MADD No More Victims 2018	North Carolina, State Office	16.575	2017-VA-GX-0050	89,128
New Mexico Crime Victims Reparation Commission	OVC FY18 VOCA Victim Assistance	New Mexico, State Office	16.575	2020-VA-847	54,080
New Mexico Crime Victims Reparation Commission	OVC FY18 VOCA Victim Assistance	New Mexico, State Office	16.575	2021-VA-947	16,285
New York Office of VS / State Crime Victims Board	Crime Victim Assistance	New York, State Office	16.575	OVS01-C10999GG-1080200	78,799
New York Office of VS / State Crime Victims Board	Crime Victim Assistance	New York, State Office	16.575	OVS01-C10999GG-1080200	25,632
State of Ohio, Attorney General's Office	Ohio Victim Services	Ohio, State Office	16.575	2020-VOCA-132923928	64,056
State of Ohio, Attorney General's Office	Ohio Victim Services	Ohio, State Office	16.575	2021-VOCA-134059045	11,263
District Attorneys Council	Statewide Victim Services	Oklahoma, State Office	16.575	2019-VOCA-MADD-137	37,002
District Attorneys Council	Statewide Victim Services	Oklahoma, State Office	16.575	2020-VOCA-MADD-040	11,592
Pennsylvania Commission on Crime and Delinquency	MADD Pennsylvania VOCA non-comp ext. 2019-2020	Pennsylvania, State Office	16.575	2029-VF-05-31088	67,556
Pennsylvania Commission on Crime and Delinquency	MADD Pennsylvania VOCA Non-comp 2020-2023	Pennsylvania, State Office	16.575	2018/2019/2020-VS-05-33152	20,130
Rhode Island U.S Department of Justice	Victim Advocacy	Rhode Island, State Office	16.575	18-1826-VOCA	89,341
South Carolina Office of the Attorney General	Victim of Crime Act	South Carolina, State Office	16.575	1V19045	111,112

The accompanying notes are an integral part of this Schedule.

Mothers Against Drunk Driving
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020

South Carolina Office of the Attorney General	Victim of Crime Act	South Carolina, State Office	16.575	1V20024	31,213
Tennessee, Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16.575	2015-VA-GX-0018	44,470
Tennessee, Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16.575	2015-VA-GX-0018	44,008
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas State	16.575	1531718	1,348,465
Colorado Dpt. of Public Safety, Division of Criminal Justice	MADD Colorado Victim Services assistance	Colorado, State Office	16.575	2018-VA-19-131-00	100,457
State of Connecticut Judicial Branch Office of Victim Services	Victims of Crime Act - Victim Assistance Project	Connecticut, State Office	16.575	2017-VA-GX-0020	85,214
State of Connecticut Judicial Branch Office of Victim Services	Victims of Crime Act - Victim Assistance Project	Connecticut, State Office	16.575	2018-V2-GX-0054	81,121
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	VOCA-2019-Mother's Against Drunk Dri-00010	355,752
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	VOCA-2020-Mothers Against Drunk Dri-00529	87,933
Office of the Governor Criminal Justice Coordinating Council	Victims of Crime Act Assistance	Georgia, State Office	16.575	C18-8-274	124,915
Office of the Governor Criminal Justice Coordinating Council	Community Based Victim Services	Georgia, State Office	16.575	C18-8-482	45,231
City and Count of Honolulu	Support Services for Survivors of Homicide Victims	Hawaii, State Office	16.575	PO-PAT-1900112 v2	26,471
City and Count of Honolulu	Support Services for Survivors of Homicide Victims	Hawaii, State Office	16.575	SP-PAT-2100004V1	8,000
City and Count of Honolulu	Support Services for Survivors of Homicide Victims	Hawaii, State Office	16.575	PO-PAT-1900112, v3	16,447
Idaho Department of Health & Welfare	Crime Victim Assistance	Idaho, State Office	16.575	VC040200	28,424
Idaho Department of Health & Welfare	Crime Victim Assistance	Idaho, State Office	16.575	VC045000	29,189
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	20-VOCA-60	99,764
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	21-VOCA-59	36,672
Kentucky Justice and Public Safety Cabinet	MADD KY Victim Services	Kentucky, State Office	16.575	VOCA-2019-MADD-00018	71,812
Kentucky Justice and Public Safety Cabinet	MADD Kentucky Victim Services	Kentucky, State Office	16.575	VOCA-2020-MADD-00068	24,512
Louisiana Commission on Law Enforcement	DWI Crash Victim Assistance Program 8	Louisiana, State Office	16.575	2018-V2-GX-0042	51,212
Michigan Department of Health and Human Services	Victim Assistance Service Program	Michigan, State Office	16.575	E20202181-00	195,205
Michigan Department of Health and Human Services	Victim Assistance Service Program	Michigan, State Office	16.575	E20210534-00	69,003
West Virginia Division of Justice and Community Services	Crime Victim Assistance	WV State Office	16.575	17-VA-057	30,840
West Virginia Division of Justice and Community Services	Crime Victim Assistance	WV State Office	16.575	18-VA-060	5,123
Total expended under 16.575					4,358,511
Total U.S. Department of Justice					4,358,511
U.S. Department of Transportation, National Highway Traffic Safety Administration (NHTSA)					
Direct Award:					
<u>National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants</u>					
US Department of Transportation					
National Highway Traffic Safety Administration	Law Enforcement Impaired Driving Roll Call Video	National Office	20.614	693J92050002-0002	59,111
US Department of Transportation					
National Highway Traffic Safety Administration	Regional Impaired Driving Law Enforcement Summits	National Office	20.614	693J92050002-0001	5,791
Total expended under 20.614					64,902
Pass-Through Programs:					
<u>Highway Safety Cluster (HSC)</u>					
<u>State and Community Highway Safety</u>					

Mothers Against Drunk Driving
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2020

<u>Minimum Penalties for Repeat Offenders for Driving While Intoxicated</u>					
Oregon Department of Transportation Transportation Safety Division	No Refusal Program	Oregon, Eugene Chapter	20.608	164AL-21-14-22	2,392
The Department of Alcoholic Beverage Control	DUI Awareness Program- MADD	California, Los Angeles	20.608	20-OTSM1	234,985
The Department of Alcoholic Beverage Control	DUI Awareness Program- MADD	California, Los Angeles	20.608	21-OTSM1	70,598
Louisiana Highway Safety Commission	Court Monitoring and Take the wheel program	Louisiana, State Office	20.608	10/17/2020	62,408
Louisiana Highway Safety Commission	Court Monitoring	Louisiana, State Office	20.608	10/17/2021	10,617
Nevada Department of Public Safety	MADD Court Monitoring Program	Nevada, State Office	20.608	TS-2021-MADD-00186	6,983
Total expended under 20.608					<u>387,984</u>
Total U.S. Department of Transportation					<u>3,650,903</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u>\$ 8,072,200</u>

Mothers Against Drunk Driving
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 20120

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of MADD under programs of the federal government for the year ended December 31, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of MADD, it is not intended to and does not present the financial position, change in net assets, or cash flows of MADD.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. MADD has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. MADD did not pass any of its federal grants to subrecipients during the year ended December 31, 2020.

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

Independent Auditor's Report

Board of Directors
Mothers Against Drunk Driving
Irving, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Mothers Against Drunk Driving (MADD), 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, and have issued our report thereon dated June 7, 2021, which contained an *Emphasis of Matters* paragraph regarding a change in accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered MADD's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MADD's internal control. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MADD's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MADD's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MADD's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
June 7, 2021

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Directors
Mothers Against Drunk Driving
Dallas, Texas

Report on Compliance for the Major Federal Program

We have audited Mothers Against Drunk Driving's (MADD) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on MADD's major federal program for the year ended December 31, 2020. MADD's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for MADD's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MADD's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of MADD's compliance.

Opinion on the Major Federal Program

In our opinion, MADD complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of MADD is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered MADD's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MADD's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Dallas, Texas
June 7, 2021

Mothers Against Drunk Driving
Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? Yes None Reported
 Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal award program disclosed:
 Significant deficiency(ies)? Yes None Reported
 Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for the major federal award program was:
 Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a) Yes No

7. MADD's major program was:

Cluster/Program	CFDA Number
Crime Victim Assistance (VOCA)	16.575

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. MADD qualified as a low-risk auditee? Yes No

Mothers Against Drunk Driving
Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2020

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
	No matters are reportable.

Findings Required to be Reported by the Uniform Guidance

Reference Number	Finding
	No matters are reportable.

Mothers Against Drunk Driving
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2020

Reference Number	Summary of Finding	Status
No matters are reportable.		