

Mothers Against Drunk Driving

Independent Auditor's Reports and Financial Statements

December 31, 2019

Mothers Against Drunk Driving
December 31, 2019

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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, 2019, 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, 2019, 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 Matters

As described in *Note 1* to the financial statements, in 2019, MADD adopted Accounting Standards Update 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope of the Accounting Guidance for Contributions Received and Contributions Made* and Accounting Standards Update 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these 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 August 26, 2020, 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
August 26, 2020

Mothers Against Drunk Driving
Statement of Financial Position
December 31, 2019

Assets

Cash and cash equivalents:		
Unrestricted	\$	641,399
Restricted		<u>308,803</u>
Total cash and cash equivalents		950,202
Investments		13,296,463
Trade accounts receivable		573,378
Grants receivable		2,217,202
Prepaid expenses and other		1,141,532
Literature and supplies inventory		62,660
Contributions receivable, net		1,833,131
Property and equipment, net		<u>271,371</u>
Total assets	\$	<u><u>20,345,939</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$	51,891
Accrued liabilities		1,745,540
Deferred revenue		218,949
Deferred rent		<u>632,470</u>
Total liabilities		<u>2,648,850</u>

Net Assets

Net assets without donor restriction		15,488,005
Net assets with donor restriction		<u>2,209,084</u>
Total net assets		<u>17,697,089</u>
Total liabilities and net assets	\$	<u><u>20,345,939</u></u>

Mothers Against Drunk Driving
Statement of Activities
Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues			
Contributions			
Individual contributions	\$ 8,396,687	\$ 69,068	\$ 8,465,755
Corporate contributions	2,925,509	644,440	3,569,949
Foundation contributions	511,668	252,879	764,547
In-kind contributions	3,403,608	-	3,403,608
Government grants and contracts	9,000,364	-	9,000,364
Special events	146,010	-	146,010
Cost of direct benefit to donor	(186,532)	-	(186,532)
Net special events	(40,522)	-	(40,522)
Other revenue			
Investment return, net	1,368,074	-	1,368,074
Victim impact panels and court ordered revenue	8,319,030	-	8,319,030
Licenses, promotions and other revenue	1,613,957	-	1,613,957
Total contributions, government grants and contracts, special events and other revenue	35,498,375	966,387	36,464,762
Net assets released from restriction	2,628,437	(2,628,437)	-
Total revenues	38,126,812	(1,662,050)	36,464,762
Expenses			
Program services			
Campaign to eliminate drunk driving	16,027,536	-	16,027,536
Underage drinking	1,754,423	-	1,754,423
Victim services	8,472,557	-	8,472,557
Total program services	26,254,516	-	26,254,516
Supporting services			
Management and general	6,573,834	-	6,573,834
Fundraising	4,618,257	-	4,618,257
Total supporting services	11,192,091	-	11,192,091
Total expenses	37,446,607	-	37,446,607
Change in Net Assets	680,205	(1,662,050)	(981,845)
Net Assets, Beginning of Year	14,807,800	3,871,134	18,678,934
Net Assets, End of Year	\$ 15,488,005	\$ 2,209,084	\$ 17,697,089

Mothers Against Drunk Driving
Statement of Functional Expenses
Year Ended December 31, 2019

	Program Services				Support Services				Total
	Campaign to Eliminate Drunk Driving	Underage Drinking Prevention	Victim Services	Total Program Services	Management and General	Fundraising	Total Support Services		
Salaries, benefits, and related taxes	\$ 7,888,852	\$ 1,215,827	\$ 5,716,656	\$ 14,821,335	\$ 4,367,557	\$ 676,022	\$ 5,043,579	\$ 19,864,914	
Professional fees and outside contract services	976,322	67,296	80,935	1,124,553	619,174	1,941,018	2,560,192	3,684,745	
Advertising expense	2,865,419	1,935	1,020,070	3,887,424	99	1,914	2,013	3,889,437	
Occupancy	1,090,015	138,180	763,654	1,991,849	355,174	95,515	450,689	2,442,538	
Printed materials	627,986	53,246	86,400	767,632	2,967	739,667	742,634	1,510,266	
Supplies	610,032	95,594	99,451	805,077	77,015	424,257	501,272	1,306,349	
Office expense	461,182	52,436	277,415	791,033	227,975	26,634	254,609	1,045,642	
Travel	583,457	77,203	317,826	978,486	212,585	53,034	265,619	1,244,105	
Postage and shipping	563,579	8,013	39,563	611,155	22,591	725,677	748,268	1,359,423	
Service fees	306,741	36,776	38,828	382,345	601,906	69,904	671,810	1,054,155	
Insurance	24,858	2,950	11,833	39,641	69,020	905	69,925	109,566	
Meetings and conference registration	26,904	4,191	16,142	47,237	6,001	5,433	11,434	58,671	
Other expense	2,189	776	3,784	6,749	11,770	44,809	56,579	63,328	
Total expenses	16,027,536	1,754,423	8,472,557	26,254,516	6,573,834	4,804,789	11,378,623	37,633,139	
Less: cost of direct benefit to donor	-	-	-	-	-	(186,532)	(186,532)	(186,532)	
Total expenses included in the expense section on the statement of activities	\$ 16,027,536	\$ 1,754,423	\$ 8,472,557	\$ 26,254,516	\$ 6,573,834	\$ 4,618,257	\$ 11,192,091	\$ 37,446,607	

Mothers Against Drunk Driving
Statement of Cash Flows
Year Ended December 31, 2019

Operating Activities	
Change in net assets	\$ (981,845)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	82,534
Net realized and unrealized gain on investments	(1,065,606)
Changes in	
Accounts receivable	350,735
Grants receivable	(444,758)
Contributions receivable	929,824
Prepaid expenses	(379,987)
Literature and supplies inventory	7,414
Accounts payable	30,215
Accrued liabilities	(361,116)
Deferred revenue	44,112
Deferred rent	(53,057)
	(1,841,535)
Net cash used in operating activities	(1,841,535)
Investing Activities	
Proceeds from sales of investments and maturities of certificates of deposit	112,954
Purchases of investments	(422,451)
	(309,497)
Net cash used in investing activities	(309,497)
Decrease in Cash and Cash Equivalents and Restricted Cash	(2,151,032)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year, As Restated (Note 1)	3,101,234
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 950,202
Summary of Cash and Cash Equivalents and Restricted Cash	
Cash and cash equivalents	\$ 641,399
Restricted cash	308,803
	\$ 950,202
Total Cash and Cash Equivalents and Restricted Cash	\$ 950,202
Supplemental Cash Flows Information	
Income taxes paid	\$ 29,532

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2019

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 96 field locations (as of December 31, 2019) 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, 2019

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, 2019, 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, 2019, MADD's cash accounts exceeded federally insured limits by approximately \$1,361,000.

Cash and Cash Equivalents - Restricted

Amounts presented as restricted cash and cash equivalents at December 31, 2019 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.

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

MADD's investments in certificates of deposit, with original maturities greater than three months, are carried at fair value. These negotiable investments do qualify as securities as they are defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Thus fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, for certificates of deposit are provided. Net realized and unrealized gains (losses) are reflected in investment income in the statement of activities.

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. 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

Grants receivable consists of amounts due from government agencies and represent amounts due to MADD in accordance with cost-reimbursement contracts. Trade accounts receivable are carried at the invoiced amount or the amount of reimbursable costs incurred, less an estimate made for doubtful receivables.

Government grant receivables are fully collectible. Trade accounts receivable outstanding more than 90 days are considered past due. MADD determines its allowance for doubtful accounts based on past due amounts and other available information regarding the current status of individual accounts and current economic conditions. MADD writes off receivables when they become uncollectible. Recoveries of receivables previously written off are recorded when received. In the event of complete nonperformance, the maximum exposure to MADD is the outstanding receivable balance at the date of nonperformance. MADD does not consider an allowance necessary at December 31, 2019.

Prepaid Expenses and Other

Prepaid expenses and other 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.

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

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

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, 2019.

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.

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

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

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 statements 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.

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2019

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 the panels occur.

Licenses, Promotions and Other

Licenses, promotions, and other revenue are recognized when earned. 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 statements of activities.

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 \$10,475,525 in conditional government grants from various federal and state agencies at December 31, 2019 that are not recognized in the financial statements.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2019 was \$3,889,437. Of this, \$3,321,803 was in-kind advertising costs for the year ended December 31, 2019. 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.

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2019

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 present 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, 2019, MADD had net unrelated business income of approximately \$47,644.

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.

Change in Accounting Principles

In 2019, MADD changed its method of accounting for cash and money market funds held in investments by adopting the provisions of Accounting Standards Update (ASU) No. 2016-18 (ASU 2016-18), *Statement of Cash Flows (Topic 230): Restricted Cash*. The new accounting guidance in ASU 2016-18 requires balances generally described as restricted cash or restricted cash equivalents (including cash equivalents held for investment) to be included with cash and cash equivalents when reconciling beginning and end of the period balances on the statement of cash flows. Certain cash and cash equivalents are included in investments on the accompanying statement of financial position and MADD does not view these funds to be cash and cash equivalents. This change was applied retrospectively which resulted in the following changes within the statement of cash flows:

Cash and cash equivalents at December 31, 2018, as previously reported	\$ 2,791,361
Inclusion of restricted cash	<u>309,873</u>
Cash and cash equivalents and restricted cash at December 31, 2018, as restated	<u>\$ 3,101,234</u>

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

On January 1, 2019, MADD adopted ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, (ASU 2018-08) using a modified prospective basis at January 1, 2019. The amendments of the standard were applied to the portion of agreements that were not completed as of January 1, 2019 or entered into after January 1, 2019.

ASU 2018-08 clarifies the guidance on determining whether a transaction with a resource provider is a contribution or an exchange transaction. Upon adoption of the standard, MADD determined that the nonexchange portion of special events revenue is not conditional upon the event occurring and does not include a right of return or release, and therefore should be recorded consistent with unconditional contributions. The standard amends the simultaneous release accounting policy to allow a not-for-profit to elect a separate policy for donor-restricted contributions that were initially conditional contributions without also having to elect the policy for other donor-restricted contributions. This election is disclosed in the *Note 1* “Contributions” section.

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

MADD invests in certificates of deposit and mutual funds. Investments are exposed to various risks, such as interest rate, overall market volatility, 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 MADD’s account balances and the amounts reported in the statement of financial position.

Certificates of deposit at December 31, 2019 bear interest ranging from 1.49% to 2.24% and have maturities in 2020 with no penalties for early withdrawal.

Investments at December 31, 2019 consisted of the following:

Certificates of deposits, negotiable	\$ 1,244,135
Cash and cash equivalents	1,658,210
Mutual funds:	
Fixed income	6,205,506
Domestic stock equities	2,562,359
International stock equities	<u>1,626,253</u>
Total investments	<u>\$ 13,296,463</u>

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

Total net investment return is comprised of the following:	
Interest and dividend income	\$ 322,384
Net realized losses on sales of investments and redemptions of certificates of deposit	(7,798)
Net unrealized gains on investments and certificates of deposit	1,073,404
Investment fees	<u>(19,916)</u>
Total net investment return	<u>\$ 1,368,074</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 or liabilities
- 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 or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

Recurring Measurements

The following table presents the fair value measurements of investments and certificates of deposit 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, 2019:

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

	Fair Value Measurements Using			
	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Certificates of deposit, negotiable	\$ 1,244,135	\$ -	\$ 1,244,135	\$ -
Mutual funds:				
Fixed income	6,205,506	6,205,506	-	-
Domestic stock	2,562,359	2,562,359	-	-
International stock	1,626,253	1,626,253	-	-
Total	\$ 11,638,253	\$ 10,394,118	\$ 1,244,135	\$ -

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, 2019.

Investments and Certificates of Deposit

Where quoted market prices are available in an active market, investments and certificates of deposit 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 and certificates of deposit are classified within Level 3 of the hierarchy.

Note 4: Contributions Receivable

Included in contributions receivable are the following unconditional promises to give at December 31, 2019:

Pledges and charitable lead trust receivable before unamortized discount	\$ 1,968,027
Less unamortized discount	<u>(134,896)</u>
Contributions receivable, net	<u>\$ 1,833,131</u>

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

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

Contributions receivable are expected to be collected in:

Less than one year	\$ 965,833
One to five years	904,111
Greater than five years	<u>98,083</u>
	<u>\$ 1,968,027</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 \$216,405 as of December 31, 2019 and is recorded in contributions receivable.

Note 5: Property and Equipment

Property and equipment consist of the following at December 31, 2019:

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>(1,025,938)</u>
Property and equipment, net	<u>\$ 271,371</u>

Note 6: Accrued Liabilities

Accrued liabilities consist of the following at December 31, 2019:

Accrued payroll, benefits and vacation	\$ 1,351,488
Other accrued expenses	<u>394,052</u>
	<u>\$ 1,745,540</u>

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

Note 7: Net Assets With Donor Restriction

Net assets with donor restrictions at December 31, 2019 are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Campaign To Eliminate Drunk Driving	\$ 63,811
Victim services	10,000
Other	84
	73,895
Subject to the passage of time	
Charitable lead trust	216,405
Pledges receivable	169,144
	385,549
Subject to the passage of time and expenditure for specified purpose	
Underage drinking prevention	1,080,000
Campaign To Eliminate Drunk Driving	669,640
	1,749,640
	\$ 2,209,084

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, 2019

Satisfaction of purpose restrictions	
Underage drinking prevention	\$ 72,006
Campaign To Eliminate Drunk Driving	34,858
Other	2,560
	109,424
Expiration of time restrictions	
Charitable lead trust	46,060
Pledges receivable	406,285
	452,345
Expirations of time restrictions and satisfaction of purpose restrictions	
Underage drinking prevention	1,040,000
Campaign To Eliminate Drunk Driving	1,026,668
	2,066,668
	\$ 2,628,437

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, 2019, comprise the following:

Unrestricted cash and cash equivalents	\$ 641,399
Investments	13,296,463
Trade accounts receivable	573,378
Grants receivable	2,217,202
Contributions receivable	1,833,131
Total financial assets	18,561,573
Less donor imposed restrictions not expected to be used in next year	
Donor imposed restrictions	
Restricted funds	1,377,417
Total donor imposed restrictions	1,377,417
Financial assets available to meet cash needs for general expenditures within one year	\$ 17,184,156

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2019

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, 2019, restricted contributions of \$831,667 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, 2019.

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 \$216,116 for the year ended December 31, 2019.

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, 2019

2020		\$ 1,384,133
2021		936,268
2022		642,684
2023		562,979
2024		525,166
Thereafter		<u>617,010</u>
		<u>\$ 4,668,240</u>

Rent expense, which is included in occupancy on the statement of functional expenses, totaled approximately \$1,679,000 for the year ended December 31, 2019.

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 and Concentrations

Contributions and Government Grants

At December 31, 2019 four donors comprised approximately 90% of contributions receivable. In addition, at December 31, 2019, one grantor comprised approximately 21% of grants receivable, and three entities comprised approximately 92% of trade accounts receivable.

For the year ended December 31, 2019, approximately 25% of total revenue was related to federal awards, and approximately 93% of total federal awards were related to two federal agencies, the U.S. Department of Transportation and U.S. Department of Justice.

Sponsorships and Licensing Agreements

MADD has entered into various sponsorships and licensing agreements with third parties relating to use of certain MADD service marks, trade names, and logos. The terms of the agreements range from one to five years. Certain third parties have also agreed to pay MADD a royalty for each item of merchandise bearing certain MADD service marks, trade names, and logos. Future minimum payments due under these agreements are as follows for the years ended December 31:

2020		\$ 831,667
2021		695,556
2022		<u>577,777</u>
		<u>\$ 2,105,000</u>

Mothers Against Drunk Driving

Notes to Financial Statements

December 31, 2019

Note 12: Future Change in Accounting Principle

Revenue Recognition

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2019 and any interim periods within annual reporting periods that begin after December 15, 2020. MADD is in the process of evaluating the effect the amendment will have on the financial statements.

Accounting for Leases

The Financial Accounting Standards Board 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 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.

Note 13: Subsequent Events

Subsequent events have been evaluated through August 26, 2020, which is the date the financial statements were available to be issued.

Mothers Against Drunk Driving
Notes to Financial Statements
December 31, 2019

On March 27, 2020, President Trump signed into law the *Coronavirus Aid, Relief, and Economic Security Act*. On April 10, 2020, MADD received a loan in the amount of \$3,708,348 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, 2019

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>Alcohol Research Programs</u>					
Department of Health and Human Services	Drunk Driving with Children:	National Office	93.273	n/a	\$ 6,000
Total expended under 93.273	Putting the Brakes on a Disturbing Trend				<u>6,000</u>
<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-19	25,276
South Carolina Department of Alcohol and Other Drug Abuse Services	Prevent Underage Drinking	South Carolina, State Office	93.959	MADD-UDS-20	<u>23,187</u>
Total expended under 93.959					<u>48,463</u>
Total U.S. Department of Health and Human Services					<u>54,463</u>
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	16-VA-VS-065	24,996
Alabama Department of Economic and Community Affairs, LE/Traffic Safety Division	Victim Assistance Program	Alabama, State Office	16.575	17-VA-VS-024	84,581
Arkansas Dept. of Finance and Administration	MADD Direct Victim Service & Resources to Drunk and Drugged Victims	Arkansas, State Office	16.575	190671-18VG	5,790
Arizona Dept of Public Safety	Crime Victim Assistance	Arizona, State Office	16.575	2018-299	154,240
Arizona Dept of Public Safety	Crime Victim Assistance	Arizona, State Office	16.575	2018-299	52,092
Colorado Dpt. of Public Safety, Division of Criminal Justice	MADD Colorado Victim Services Grant	Colorado, State Office	16.575	2018-VA-19-131-00	72,268
State of Connecticut Judicial Branch Office of Victim Services	Victims of Crime Act - Victim Assistance Project	Connecticut, State Office	16.575	2016-VA-GX-0025	70,195
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	83,185
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	VOCA-2018-Mother's Against Drunk Dr-00161	348,568
State of Florida, Office of the Attorney General	Crime Victim Assistance	Florida, State Office	16.575	VOCA-2019-Mother's Against Drunk Dri-00010	113,028
Office of the Governor Criminal Justice Coordinating Council	Victims of Crime Act Assistance	Georgia, State Office	16.575	C17-8-051	120,339
Office of the Governor Criminal Justice Coordinating Council	Victims of Crime Act Assistance	Georgia, State Office	16.575	C18-8-274	34,772
City and County of Honolulu	Support Services for Survivors of Homicide Victims	Hawaii, State Office	16.575	PO-PAT-1900112	28,465
City and County of Honolulu	Support Services for Survivors of Homicide Victims	Hawaii, State Office	16.575	PO-PAT-1900112 v2	23,326
Idaho Department of Health & Welfare	Crime Victim Assistance	Idaho, State Office	16.575	VC035300	45,135
Idaho Department of Health & Welfare	Crime Victim Assistance	Idaho, State Office	16.575	VC040200	24,272
Illinois Criminal Justice	Child Abuse, Financial Crime and Impaired Driving	Illinois, State Office	16.575	216574	44,312
Illinois Criminal Justice	Child Abuse, Financial Crime and Impaired Driving	Illinois State Office	16.575	217374	15,340
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	19-VOCA-59	113,824
Kansas Office of the Governor	Victims of Crime Act	Kansas, State Office	16.575	20-VOCA-60	36,409
Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16.575	VOCA-2018-MADD-00062	79,136

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, 2019

Kentucky Justice and Public Safety Cabinet	Victim Services Program	Kentucky, State Office	16.575	VOCA-2019-MADD-00018	24,420
Louisiana Commission on Law Enforcement	DWI Crash Victim Assistance Program 8	Louisiana, State Office	16.575	2016-VA-GX-0055	76,781
Governors Office of Crime Control and Prevention	Victim Services Specialist	Maryland, State Office	16.575	VOCA-2016-0096	20,123
Governors Office of Crime Control and Prevention	Victim Services	Maryland, State Office	16.575	VOCA-2018-0120	7,274
Michigan Department of Community Health	Victim Assistance Service Program	Michigan, State Office	16.575	E20192051-00	199,987
Michigan Department of Health and Human Services	Victim Assistance Service Program	Michigan, State Office	16.575	E20202181-00	69,004
Minnesota Dept of Public Safety - Office of Traffic Safety	Crime Victim Services	Minnesota, State Office	16.575	A-CVS-2018-MADD-MN-00024	37,589
Missouri State Department of Social Services, Division of Finance and Administrative Services	Victims of Crime Act	Missouri, State Office	16.575	ER130180076	194,755
Missouri State Department of Social Services, Division of Finance and Administrative Services	Victims of Crime Act	Missouri, State Office	16.575	ER130200073	35,150
North Carolina, State Governor's Crime Commission	MADD No More Victims 2018	North Carolina, State Office	16.575	2017-VA-GX-0050	71,864
North Carolina, State Governor's Crime Commission	MADD No More Victims 2018	North Carolina, State Office	16.575	2017-VA-GX-0050	26,139
New Mexico Crime Victims Reparation Commission	Victims of Crime Act	New Mexico, State Office	16.575	2019-VA-740	52,500
New Mexico Crime Victims Reparation Commission	OVC FY18 VOCA Victim Assistance	New Mexico, State Office	16.575	2020-VA-847	14,364
New York Office of Victim Services / State Crime Victims Board	Crime Victim Assistance	New York, State Office	16.575	C-100180	96,814
New York Office of Victim Services / State Crime Victims Board	Crime Victim Assistance	New York, State Office	16.575	OVS01-C10999GG-1080200	36,117
State of Ohio, Attorney General's Office	Ohio Victim Services	Ohio, State Office	16.575	2019-VOCA-132133184	63,790
State of Ohio, Attorney General's Office	Ohio Victim Services	Ohio, State Office	16.575	2020-VOCA-132923928	21,944
District Attorneys Council	Statewide Victim Services	Oklahoma, State Office	16.575	2018-VOCA-MADD-083	26,927
District Attorneys Council	Statewide Victim Services	Oklahoma, State Office	16.575	2019-VOCA-MADD-137	13,010
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Montgomery County	16.575	2016-VF-05 26706	15,863
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Delaware County	16.575	2016-VF-05 26706	11,427
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, State Office	16.575	2016-VF-05 26706	16,835
Pennsylvania Commission on Crime and Delinquency	Crime Victim Assistance	Pennsylvania, Butler County	16.575	2016-VF-05 26706	333
Pennsylvania Commission on Crime and Delinquency	MADD Pennsylvania VOCA non-comp ext. 2019-2020	Pennsylvania, State Office	16.575	2029-VF-05-31088	57,894
Rhode Island Department of Public Safety	Victim Advocacy	Rhode Island, State Office	16.575	18-1826-VOCA	59,575
Rhode Island U.S Department of Justice	Victim Advocacy	Rhode Island, State Office	16.575	18-1826-VOCA	17,782
South Carolina Office of the Attorney General	Victim of Crime Act	South Carolina, State Office	16.575	1V18068	118,675
South Carolina Office of the Attorney General	Victim of Crime Act	South Carolina, State Office	16.575	1V19045	31,393
Tennessee Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16.575	35712	56,043
Tennessee Office of Criminal Justice Programs	Victim Services	Tennessee, State Office	16.575	35712	48,209
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas, State Office	16.575	1531717	1,128,183
State of Texas, Office of the Governor, Criminal Justice Division	Victims of Crime Act	Texas, State Office	16.575	1531718	328,341
Commonwealth of Virginia Department of Criminal Justice Services	Victim Witness Program/New Initiative	Virginia, State Office	16.575	18-B4083VW 16	42,160
West Virginia Division of Justice and Community Services	Crime Victim Assistance	West Virginia, State Office	16.575	16-VA-103	32,436
West Virginia Division of Justice and Community Services	Crime Victim Assistance	West Virginia, State Office	16.575	17-VA-057	13,301
Total expended under 16.575					4,641,275
Total U.S. Department of Justice					4,641,275

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, 2019

U.S. Department of Transportation, National Highway Traffic Safety Administration (NHTSA)

Direct Award:

National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants

US Department of Transportation	MADD Capacity Building Task Force and				
National Highway Traffic Safety Administration	Strategic Execution	National Office	20.614	n/a	104,407
US Department of Transportation					
National Highway Traffic Safety Administration	Law Enforcement	National Office	20.614	n/a	2,232
Total expended under 20.614					106,639

Pass-Through Programs:

Highway Safety Cluster (HSC)

State and Community Highway Safety

Arizona Governors Office of Highway Safety	Underage Drinking Prevention Initiative	Arizona, State Office	20.600	2019-AL-016	24,109
Arizona Governors Office of Highway Safety	Underage Drinking Prevention Initiative	Arizona, State Office	20.600	2020-AL-019	13,275
Arizona Governors Office of Highway Safety	Court Monitoring and Law Enforcement Support	Arizona, State Office	20.600	2019-AL-015	39,487
Arizona Governors Office of Highway Safety	Court Monitoring and Law Enforcement Support	Arizona, State Office	20.600	2020-AL-020	17,165
North Carolina, State Department of Transportation, Governor's Highway Safety Program	Prevention of Impaired Driving and Underage Drinking	North Carolina, State Office	20.600	GHSP 2020-PERSONNEL/EQUI	37,054
Nebraska Office of Highway Safety, Department of Motor Vehicles	Court Monitoring Program	Nebraska, State Office	20.600	402-19-17	118,142
Nebraska Office of Highway Safety, Department of Motor Vehicles	Court Monitoring Evaluation and Education Program	Nebraska, State Office	20.600	402-20-17	38,421
State of Nevada, Department of Public Safety	MADD Court Monitoring Program	Nevada, State Office	20.600	TS-2020-MADD-00011	13,192
Total expended under 20.600					300,845

National Priority Safety Programs

Arkansas Highway Safety Office	MADD Court Monitoring Evaluation & Education Project	Arkansas, State Office	20.616	M5CS-2019-12-12-01	69,094
Arkansas Highway Safety Office	MADD Court Monitoring Evaluation & Education Project	Arkansas, State Office	20.616	M5CS-2020-12-12-01	18,387
CDOT, Office of Transportation Safety	MADD Colorado Court Monitoring Program	Colorado, State Office	20.616	411017440	43,040
CDOT, Office of Transportation Safety	MADD Colorado Court Monitoring Program	Colorado, State Office	20.616	411021380	13,766
State of Florida, Department of Transportation	MADD Florida Safe and Aware	Florida, State Office	20.616	MSX-19-06-01 & Contract GI095	201,566
State of Florida, Department of Transportation	MADD Florida Safe and Aware	Florida, State Office	20.616	MSX-20-06-01 & Contract GID10	67,659
Governor's Office of Highway Safety	Mothers Against Drunk Driving Georgia	Georgia, State Office	20.616	GA-2019-405d M6X-2016 LOW-005	112,610
Governor's Office of Highway Safety	Mothers Against Drunk Driving Georgia	Georgia, State Office	20.616	GA-2020-405d LOW M6X-047	22,004
Illinois Department of Transportation	Court Monitoring Program	Illinois, State Office	20.616	AP-19-0108	159,376
Illinois Department of Transportation	Court Monitoring Program	Illinois, State Office	20.616	AP-20-0145, 13-12	47,867
Kansas Department of Transportation	DUI Court Education Program	Kansas, State Office	20.616	AL-4703-17/SP-4703-17	56,112
Maryland Dept of Transportation - State Highway Administration	Power of Youth	Maryland, State Office	20.616	GN-MADD-2018-269	8,520
North Carolina, State Department of Transportation, Governor's Highway Safety Program	Impaired Driving and Underage Drinking Prevention	North Carolina, State Office	20.616	MSX-19-15-01	177,204
South Carolina Office of Highway Safety Justice Programs	MADD SC Court Monitoring Program	South Carolina, State Office	20.616	M4X-2019-HS-23-19	56,748
South Carolina Office of Highway Safety Justice Programs	MADD SC Court Monitoring Program	South Carolina, State Office	20.616	M4X-2020-HS-23-20	15,107
South Carolina Office of Highway Safety Justice Programs	MADD SC Coastal Court Monitoring Program	South Carolina, State Office	20.616	M4X-2019-HS-42-19	50,017
South Carolina Office of Highway Safety Justice Programs	MADD SC Coastal Court Monitoring Program	South Carolina, State Office	20.616	M4X-2020-HS-42-20	16,079
Tennessee, Department of Safety and Homeland Security	Underage Drinking Prevention	Tennessee, State Office	20.616	Z19THS201	111,155
Tennessee, Department of Safety and Homeland Security	MADD Court Monitoring Program	Tennessee, State Office	20.616	Z20THS177	3,258
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Statewide	20.616	2019-MADD-G-1YG-0077	580,122
Texas Department of Transportation	Texas Traffic Safety Program	Texas, Statewide	20.616	2020-MADD-G-1YG-0034	166,103
Virginia Department of Motor Vehicles	Impaired Driving Safety Countermeasures	Virginia, State Office	20.616	M6OT-2019-59267-9267	556,652
Virginia Department of Motor Vehicles	Impaired Driving Safety Countermeasures	Virginia, State Office	20.616	FM6OT-2020-50185-20185	47,104
Total expended under 20.616					2,599,550

Total Highway Safety Cluster (HSC)

2,900,395

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, 2019

<u>Alcohol Open Container Requirements</u>					
State of Connecticut Department of Transportation	Power of Parents	Connecticut, State Office	20.607	0199-0722-EE	27,376
State of Connecticut Department of Transportation	Power of Parents	Connecticut, State Office	20.607	0200-0722-EE	8,757
Louisiana Highway Safety Commission	Take the wheel (underage Drinking awareness)	Louisiana, State Office	20.607	2020-55-22	4,504
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Project	Missouri, State Office	20.607	19-154-AL-026	84,361
Missouri Department of Transportation, Highway Safety Division	Court Monitoring Program	Missouri, State Office	20.607	20-154-AL-041	23,728
Missouri Department of Transportation, Highway Safety Division	MADD's Power of Parents Program	Missouri, State Office	20.607	19-154-AL-112	73,152
Missouri Department of Transportation, Highway Safety Division	MADD's Power of Parents & Power of Youth	Missouri, State Office	20.607	20-154-AL-140	22,562
Tennessee, Department of Safety and Homeland Security	Underage Drinking Prevention	Tennessee, State Office	20.607	Z20THS178	28,730
Total expended under 20.607					<u>273,170</u>
<u>Minimum Penalties for Repeat Offenders for Driving While Intoxicated</u>					
Department of Alcoholic Beverage Control	Partnership to Educate and Eliminate Impaired Driving	California, Los Angeles	20.608	18-OTSM1	197,109
Department of Alcoholic Beverage Control	DUI Awareness Program- MADD	California, Los Angeles	20.608	20-OTSM1	76,916
Louisiana Highway Safety Commission	Court Monitoring and Take the Wheel Program	Louisiana, State Office	20.608	2019-10-17	133,360
Louisiana Highway Safety Commission	Court Monitoring and Take the Wheel Program	Louisiana, State Office	20.608	10/17/2020	30,914
Total expended under 20.608					<u>438,299</u>
Total U.S. Department of Transportation					<u>3,718,503</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS					<u><u>\$ 8,414,241</u></u>

Mothers Against Drunk Driving
Schedule of Expenditures of Federal Awards (Continued)
Year Ended December 31, 2019

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, 2019. 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, 2019.

**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, 2019, 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 August 26, 2020 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) to determine the 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 determination of financial statement amounts. 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
August 26, 2020

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, 2019. 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, 2019.

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
August 26, 2020

Mothers Against Drunk Driving
Schedule of Findings and Questioned Costs
Year Ended December 31, 2019

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
Highway Safety Cluster	20.600, 20.616

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, 2019

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, 2019**

Reference Number	Summary of Finding	Status
No matters are reportable.		