



**MARCH FOR OUR LIVES ACTION FUND AND
SUBSIDIARY**

Consolidated Financial Statements

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)



**and
Report Thereon**



MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
March for Our Lives Action Fund and Subsidiary

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of March for Our Lives Action Fund and Subsidiary (collectively referred to as the Action Fund), which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements

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

Continued

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of March for Our Lives Action Fund and Subsidiary for the year ended December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter*Report on Summarized Comparative Information*

We have previously audited the Action Fund's 2018 financial statements, and in our report dated April 16, 2020, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Handwritten signature of Marcum LLP in cursive script.

Washington, DC
November 10, 2020

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)

	2019	2018
ASSETS		
Cash	\$ 3,034,299	\$ 2,265,017
Grants and contribution receivable	16,992	22,000
Prepaid expenses	35,000	116,559
Property and equipment	11,896	-
TOTAL ASSETS	\$ 3,098,187	\$ 2,403,576
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 122,710	\$ 177,681
TOTAL LIABILITIES	122,710	177,681
Net Assets		
Without donor restrictions	2,975,477	2,225,895
TOTAL NET ASSETS	2,975,477	2,225,895
TOTAL LIABILITIES AND NET ASSETS	\$ 3,098,187	\$ 2,403,576

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

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
REVENUE AND SUPPORT				
Grants and contributions	\$ 1,641,759	\$ 3,525,000	\$ 5,166,759	\$ 18,715,498
Net assets released from restrictions:				
Satisfaction of program restrictions	3,525,000	(3,525,000)	-	-
TOTAL REVENUE AND SUPPORT	5,166,759	-	5,166,759	18,715,498
EXPENSES				
Program Services:				
March Rally Washington D.C	-	-	-	7,929,003
Get Out the Vote Tours	-	-	-	4,096,543
Chapter and movement building	1,379,361	-	1,379,361	56,035
Lobbying and legislation	1,042,799	-	1,042,799	-
Artistic activism	751,177	-	751,177	3,801,272
Total Program Services	3,173,337	-	3,173,337	15,882,853
Supporting Services:				
Management and general	1,098,610	-	1,098,610	600,685
Fundraising	145,230	-	145,230	6,065
Total Supporting Services	1,243,840	-	1,243,840	606,750
TOTAL EXPENSES	4,417,177	-	4,417,177	16,489,603
CHANGE IN NET ASSETS	749,582	-	749,582	2,225,895
NET ASSETS, BEGINNING OF YEAR	2,225,895	-	2,225,895	-
NET ASSETS, END OF YEAR	\$ 2,975,477	\$ -	\$ 2,975,477	\$ 2,225,895

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

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)

	Program Services			Supporting Services			2019 Total	2018 Total	
	Chapter and Movement Building	Lobbying and Legislation	Artistic Activism	Total Program Services	Management and General	Fundraising			Total Supporting Services
Production and event logistics	\$ 292,129	\$ 423,810	\$ 231,942	\$ 947,881	\$ -	\$ -	\$ -	\$ 947,881	\$ 7,172,218
Professional fees	111,988	131,928	111,989	355,905	286,346	67,193	353,539	709,444	1,222,696
Salaries and wages	260,577	54,064	29,520	344,161	194,817	57,500	252,317	596,478	200,688
Travel, lodging, meals and meetings	151,858	10,855	42,230	204,943	331,437	-	331,437	536,380	1,349,740
Outside services	151,049	203,049	123,049	477,147	34,342	-	34,342	511,489	508,902
Insurance	78,215	77,458	77,458	233,131	94,129	-	94,129	327,260	348,752
Technology	73,089	73,088	73,088	219,265	16,500	-	16,500	235,765	802,765
Security	99,163	37,857	37,857	174,877	37,858	-	37,858	212,735	2,246,470
Grants	100,428	-	-	100,428	-	-	-	100,428	2,228,874
Supplies and equipment	18,953	10,640	6,192	35,785	55,155	-	55,155	90,940	83,924
Rent	14,452	14,452	14,452	43,356	14,452	14,452	28,904	72,260	51,031
Payroll taxes	27,200	5,598	3,103	35,901	19,618	6,085	25,703	61,604	20,683
Postage	261	-	297	558	9,022	-	9,022	9,580	1,329
Utilities	-	-	-	-	4,935	-	4,935	4,935	15,407
Voter registration costs	-	-	-	-	-	-	-	-	223,189
Miscellaneous expense	-	-	-	-	-	-	-	-	12,935
TOTAL EXPENSES	\$ 1,379,361	\$ 1,042,799	\$ 751,177	\$ 3,173,338	\$ 1,098,610	\$ 145,230	\$ 1,243,840	\$ 4,417,178	\$ 16,489,603

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

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2019

(With Summarized Financial Information for the Year Ended December 31, 2018)

	2019	2018
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 749,582	\$ 2,225,895
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,610	-
Changes in assets and liabilities:		
Grants and contribution receivable	5,008	(22,000)
Prepaid expenses	81,559	(116,559)
Accounts payable and accrued expenses	(54,971)	177,681
NET CASH PROVIDED BY OPERATING ACTIVITIES	782,788	2,265,017
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,506)	-
NET CASH USED IN INVESTING ACTIVITIES	(13,506)	-
NET INCREASE IN CASH	769,282	2,265,017
CASH, BEGINNING OF YEAR	2,265,017	-
CASH, END OF YEAR	\$ 3,034,299	\$ 2,265,017

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

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies

Organization

The March for Our Lives Action Fund (MFOLAF) was incorporated on February 21, 2018, under the laws of the State of Delaware as a 501(c)(4) nonprofit corporation for social welfare purposes. It was formed to organize a march in Washington D.C. focused on ending gun violence in schools, educating the public about gun violence in the United States of America and to advocate an end to gun violence and mass shootings on school campuses. The Action Fund also encourages students to register to vote in order to promote students' continued civic engagement, and engage in educational activities by seizing its current moment in the public conversation to spark discussions about effective civil engagement – focused primarily on youth engagement. The Action Fund is primarily supported by donor contributions and grants.

The Action Fund's wholly owned subsidiary, a limited liability company (the Company), is incorporated under the formation laws of the state of Delaware, whose nature and purpose is to own, manage or lease real property and to engage in any lawful business as its sole member, the Action Fund may determine.

The accompanying consolidated financial statements present the financial position, results of operations and cash flows of MFOLAF's national organization and do not include the financial position, results of operations and cash flows of any affiliated chapter or region.

Principles on Consolidation

The financial statements of March for Our Lives Action Fund and its subsidiary (collectively referred to as the Action Fund) have been consolidated due to the existence of common control and an economic interest, as required under accounting principles generally accepted in the United States of America (GAAP). All intercompany transactions and balances are eliminated in consolidation.

Basis of Accounting

The financial statements of the Action Fund have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the obligation is incurred.

Property and Equipment and Related Depreciation and Amortization

Property and equipment with an estimated useful life of more than a year are stated at cost. Depreciation is provided for using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Expenditures for maintenance and routine repairs are charged to expense as incurred; expenditures for major repairs that materially extend the useful life of assets are capitalized. Upon retirement or disposal of assets, the cost and accumulated depreciation or amortization are eliminated from the accounts and the resulting gain or loss is included in revenue or expense, as appropriate.

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

1. Organization and Summary of Significant Accounting Policies (continued)

Classification of Net Assets

The net assets of the Action Fund are reported as follows:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Action Fund's operations.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various purposes or time periods. The Action Fund had no net assets with donor restrictions as of December 31, 2019.

Revenue Recognition

Unconditional grants and contributions are recognized as revenue and support in the accounting period in which they are received or when an unconditional promise to give is made. Grants and contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets for a particular purpose or for a specific period of time. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Grants and contributions that have been committed to the Action Fund, but have not been received as of year-end, are reflected as grants and contributions receivable in the accompanying statement of financial position.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of functional expenses. Expenses directly attributed to specific functional areas of the Action Fund are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates determined by management to be equitable. Salaries are allocated based on estimates of employee's time and effort. Employee benefits are allocated based on total salaries by functional area.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Accounting Pronouncement Adopted

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. The Action Fund

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

1. Organization and Summary of Significant Accounting Policies (continued)

Accounting Pronouncement Adopted (continued)

adopted ASU 2018-08 as of January 1, 2019, and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Action Fund grants and contributions.

2. Grants and Contributions Receivable

As of December 31, 2019, the Action Fund had \$16,992 in grants and contributions receivable. All receivables are anticipated to be collected within a year and are deemed fully collectible.

3. Property and Equipment

The Action Fund held the following property and equipment as of December 31, 2019:

Furniture and fixtures	\$ 9,161
Computers	<u>4,345</u>
Total Property and Equipment	13,506
Less: Accumulated Depreciation and Amortization	<u>(1,610)</u>
Property and Equipment, Net	<u>\$ 11,896</u>

For the year ended December 31, 2019, depreciation and amortization expense was \$1,610 and is included in supplies and equipment in the accompanying statement of functional expenses.

4. Related Party Transactions

The Action Fund is affiliated through common management with the March for Our Lives Foundation (the Foundation). The Foundation is a nonprofit organization under Internal Revenue Code (IRC) Section 501(c)(3). The Foundation was established to further the public's knowledge about gun violence prevention and make schools and the nation's youth safer by reducing the occurrence of gun violence.

During the year ended December 31, 2019, the Action Fund received a grant from the Foundation totaling \$3,500,000, all of which was paid as of December 31, 2019. This grant was in furtherance of the Foundation's mission of gun violence prevention and youth and student engagement and empowerment. In addition, the Action Fund provided certain administrative support to the Foundation on a pro-bono basis during the year ended December 31, 2019. This support, which included salaries, benefits and overhead costs, totaled \$89,876 for the year ended December 31, 2019.

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MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

5. Availability of Resources and Liquidity

The Action Fund's financial assets available within one year of the statement of financial position date for general expenditures at December 31, 2019, were as follows:

Cash	\$ 3,034,299
Grants and contribution receivable	<u>16,992</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 3,051,291</u>

The Action Fund manages its liquidity following two guiding principles: 1) operating within a prudent range of financial soundness and stability; and 2) maintaining adequate liquid assets to fund near-term operating needs. The Action Fund strives to operate with a zero based, balanced budget covering its general expenditures by collecting sufficient income from grants and donations.

6. Commitments and Contingencies

Operating Lease

The Action Fund subleases its business premises to an unrelated party. This sublease runs through May 31, 2021, and includes monthly base rental payments of \$3,500. Under the terms of the lease agreement, the Action Fund was required to pay a security deposit of \$5,000 and is required to pay additional rent for its proportionate share of increases in building expenses and real estate taxes (commonly referred to as contingent rents). These contingent rents are in addition to base rent, which escalates at 3% per annum under the terms of the lease. The Action Fund has the option to extend the sublease for an additional three years by exercising this option 90 days prior to the expiration of the current lease.

Rent expense totaled \$72,259 for the year ended December 31, 2019. Future minimum lease payments, exclusive of additional operating expenses required under the operating sublease agreement, are as follows:

For the Year Ending <u>December 31,</u>	
2020	\$ 44,017
2021	<u>18,566</u>
Total	<u>\$ 62,583</u>

Concentration of Credit Risk

The Action Fund maintains its cash with a commercial financial institution, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit of \$250,000 per depositor per institution. As of December 31, 2019, the Action Fund had \$3,034,299 composed of demand deposits funds, which exceeded the maximum insured by the FDIC by approximately \$2,784,000. The Action Fund monitors the creditworthiness of this institution and has not experienced any credit losses on its cash.

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MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

7. Income Taxes

The Action Fund is exempt from the payment of federal and state taxes on income other than net unrelated business income under Section 501(c)(4) of the IRC. As of December 31, 2019, no tax provision was made, as the Action Fund had no significant net unrelated business income.

The Action Fund follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Action Fund performed an evaluation of uncertainty in income taxes for the period the year ended December 31, 2019, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. It is the Action Fund's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of December 31, 2019, the Action Fund had no accruals for interest and/or penalties.

8. Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Action Fund's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

9. Reclassification

Certain reclassifications to the prior year financial statements have been made to conform to the current year presentation.

10. Subsequent Events

In preparing these financial statements, the Action Fund has evaluated events and transactions for potential recognition or disclosure through November 10, 2020, the date the financial statements were available to be issued. Excepted as described below, there were no subsequent events that require recognition or disclosure in these consolidated financial statements.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses across the country for non-essential services. While the disruption is currently expected to be temporary, there is considerable uncertainty

MARCH FOR OUR LIVES ACTION FUND AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

10. Subsequent Events (continued)

about the duration of closings. The Action Fund has been able to continue operations in a remote environment; however, at this point, the extent to which COVID-19 will impact the Action Fund's financial condition or results of operations is uncertain and being evaluated by management and the Board of Directors.