

FINANCIAL STATEMENTS



MOTHERS2MOTHERS INTERNATIONAL, INC.

**FOR THE YEARS ENDED
DECEMBER 31, 2017 AND 2016**

MOTHERS2MOTHERS INTERNATIONAL, INC.

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2017 and 2016	4
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2017 and 2016	5
EXHIBIT C - Statements of Cash Flows, for the Years Ended December 31, 2017 and 2016	6
NOTES TO FINANCIAL STATEMENTS	7 - 13
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Functional Expenses, for the Year Ended December 31, 2017	14
SCHEDULE 2 - Schedule of Functional Expenses, for the Year Ended December 31, 2016	15

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
mothers2mothers International, Inc.
Los Angeles, California

We have audited the accompanying financial statements of mothers2mothers International, Inc. (m2m I), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 m2m I as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

4550 MONTGOMERY AVENUE · SUITE 650 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · FAX (301) 951-3570 · WWW.GRFCPA.COM

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses on pages 14 - 15 are presented for purposes of additional analysis and are 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.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

August 23, 2018

MOTHERS2MOTHERS INTERNATIONAL, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017 AND 2016

ASSETS

	<u>2017</u>	<u>2016</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,233,587	\$ 1,600,712
Investments (Notes 2 and 9)	1,017,115	739,913
Grants and contributions receivable (Note 3)	248,221	88,734
Due from m2m SA (Note 8)	293,092	-
Prepaid expenses	<u>360</u>	<u>-</u>
Total current assets	<u>2,792,375</u>	<u>2,429,359</u>
OTHER ASSETS		
Deposits	<u>2,200</u>	<u>2,200</u>
TOTAL ASSETS	<u>\$ 2,794,575</u>	<u>\$ 2,431,559</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 458,180	\$ 428,697
Due to m2m SA (Note 8)	<u>-</u>	<u>414,641</u>
Total current liabilities	<u>458,180</u>	<u>843,338</u>
NET ASSETS		
Unrestricted	802,351	586,217
Temporarily restricted (Note 4)	<u>1,534,044</u>	<u>1,002,004</u>
Total net assets	<u>2,336,395</u>	<u>1,588,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,794,575</u>	<u>\$ 2,431,559</u>

MOTHERS2MOTHERS INTERNATIONAL, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT						
Grants and contracts:						
Corporate and foundation grants	\$ 714,119	\$ 2,394,831	\$3,108,950	\$ 70,000	\$ 1,981,481	\$2,051,481
Grants and contracts from affiliates (Note 8)	-	920,970	920,970	-	836,726	836,726
Contributions:						
Individual and private	539,217	-	539,217	395,880	-	395,880
Corporate	421,541	-	421,541	860,513	-	860,513
Investment income (Note 2)	69,131	-	69,131	1,783	-	1,783
Other revenue	16,867	-	16,867	-	-	-
Net assets released from donor restrictions (Note 4)	2,783,761	(2,783,761)	-	3,608,641	(3,608,641)	-
Total revenue and support	<u>4,544,636</u>	<u>532,040</u>	<u>5,076,676</u>	<u>4,936,817</u>	<u>(790,434)</u>	<u>4,146,383</u>
EXPENSES						
Program Services	<u>3,123,636</u>	<u>-</u>	<u>3,123,636</u>	<u>3,806,514</u>	<u>-</u>	<u>3,806,514</u>
Supporting Services:						
Management and General	207,195	-	207,195	318,293	-	318,293
Fundraising	953,840	-	953,840	869,338	-	869,338
Total supporting services	<u>1,161,035</u>	<u>-</u>	<u>1,161,035</u>	<u>1,187,631</u>	<u>-</u>	<u>1,187,631</u>
Total expenses	<u>4,284,671</u>	<u>-</u>	<u>4,284,671</u>	<u>4,994,145</u>	<u>-</u>	<u>4,994,145</u>
Changes in net assets before other item	259,965	532,040	792,005	(57,328)	(790,434)	(847,762)
OTHER ITEM						
Foreign exchange (loss) gain	(43,831)	-	(43,831)	23,953	-	23,953
Changes in net assets	216,134	532,040	748,174	(33,375)	(790,434)	(823,809)
Net assets at beginning of year	586,217	1,002,004	1,588,221	619,592	1,792,438	2,412,030
NET ASSETS AT END OF YEAR	<u>\$ 802,351</u>	<u>\$ 1,534,044</u>	<u>\$2,336,395</u>	<u>\$ 586,217</u>	<u>\$1,002,004</u>	<u>\$1,588,221</u>

See accompanying notes to financial statements.

MOTHERS2MOTHERS INTERNATIONAL, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 748,174	\$ (823,809)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Unrealized gain on investments	(52,223)	(215)
Realized loss on sale of investments	10,708	4,084
(Increase) decrease in:		
Accounts receivable	-	4,011
Grants and contributions receivable	(159,487)	233,330
Due from m2m SA	(293,092)	-
Prepaid expenses	(360)	4,342
Increase (decrease) in:		
Accounts payable and accrued liabilities	29,483	80,409
Due to m2m SA	<u>(414,641)</u>	<u>299,504</u>
Net cash used by operating activities	<u>(131,438)</u>	<u>(198,344)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(352,062)	(749,299)
Sale of investments	<u>116,375</u>	<u>5,517</u>
Net cash used by investing activities	<u>(235,687)</u>	<u>(743,782)</u>
Net decrease in cash and cash equivalents	(367,125)	(942,126)
Cash and cash equivalents at beginning of year	<u>1,600,712</u>	<u>2,542,838</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,233,587</u>	<u>\$ 1,600,712</u>

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

mothers2mothers International, Inc. (m2m I), is a non-profit, non-governmental, non-religious organization, incorporated in November 2008 under the laws of the State of Delaware, pursuant to Section 501(c)(3) of the Internal Revenue Code. m2m I commenced operations in July 2009.

m2m I is one of several separate but affiliated organizations located in different countries.

m2m I is an innovative mentoring program offering comprehensive support for HIV positive pregnant women and new mothers.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

m2m I considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, m2m I maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

Grants and contributions receivable -

Grants and contributions receivable approximate fair value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

All grants and contributions receivable are considered to be collectible within one year, unless otherwise stated by the donor.

Foreign currency -

The U.S. "Dollar" is the functional currency of m2m I. Transactions in currencies other than Dollars are translated into Dollars at the rates of exchange in effect during the month of the transaction. Assets and liabilities denominated in non-U.S. currency are translated into Dollars at the exchange rate in effect at the date of the balance sheet.

Income taxes -

m2m I is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. m2m I is not a private foundation.

MOTHERS2MOTHERS INTERNATIONAL, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION**
(Continued)

Uncertain tax positions -

For the years ended December 31, 2017 and 2016, m2m I has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of m2m I and include both internally designated and undesignated resources.
- **Temporarily restricted net assets** include revenue and contributions subject to donor-imposed stipulations that will be met by the actions of m2m I and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Grants and contributions -

Unrestricted and temporarily restricted grants and contributions are recorded as revenue in the year notification is received from the donor. Conditional grants and contributions are recorded when the conditions have been substantially met. Temporarily restricted grants and contributions are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

m2m I receives funding under grants and contracts from international organizations and other grantors for direct and indirect program costs. This funding is subject to contractual restrictions, which must be met through incurring qualifying expenses for particular programs. Accordingly, such grants are considered exchange transactions and are recorded as unrestricted income to the extent that related expenses are incurred in compliance with the criteria stipulated in the grant agreements.

Use of estimates -

The preparation of the 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 at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets.

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Functional allocation of expenses (continued) -

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair value measurement -

m2m I adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. m2m I accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncements (not yet adopted) -

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958), intended to improve financial reporting for not-for-profit entities. The ASU will reduce the current three classes of net assets into two: with and without donor restrictions. The change in each of the classes of net assets must be reported on the Statements of Activities and Changes in Net Assets. The ASU also requires various enhanced disclosures around topics such as board designations, liquidity, functional classification of expenses, investment expenses, donor restrictions, and underwater endowments. The ASU is effective for years beginning after December 15, 2017. Early adoption is permitted, however, m2m I has not elected to early adopt. The ASU should be applied on a retrospective basis in the year that the ASU is first applied. While the ASU will change the presentation of m2m I's financial statements, it is not expected to alter m2m I's reported financial position.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) (ASU 2014-09). The ASU establishes a comprehensive revenue recognition standard for virtually all industries under generally accepted accounting principles in the United States (U.S. GAAP) including those that previously followed industry-specific guidance. The guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 in August 2015 that deferred the effective date of ASU 2014-09 by a year; thus, the effective date is years beginning after December 15, 2018. Early adoption is permitted. m2m I has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on its financial statements.

In 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. The ASU is effective for private entities for years beginning after December 15, 2019. Early adoption is permitted. The ASU should be applied at the beginning of the earliest period presented using a modified retrospective approach.

m2m I plans to adopt the new ASUs at the respective required implementation dates.

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

2. INVESTMENTS

Investments, at fair value, consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Equities	\$ 392,993	\$ 324,560
Exchange traded funds and closed end funds	166,547	144,622
Mutual funds	87,488	35,149
Corporate fixed income	<u>370,087</u>	<u>235,582</u>
TOTAL INVESTMENTS	<u>\$ 1,017,115</u>	<u>\$ 739,913</u>

Included in investment income are the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 27,616	\$ 5,652
Unrealized gain	52,223	215
Realized loss	<u>(10,708)</u>	<u>(4,084)</u>
TOTAL INVESTMENT INCOME	<u>\$ 69,131</u>	<u>\$ 1,783</u>

3. GRANTS RECEIVABLE

As of December 31, 2017 and 2016, contributors to m2m I have made written promises to give a totaling \$248,221 and \$88,734, respectively. Grants are due as follows at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Less Than One Year	<u>\$ 248,221</u>	<u>\$ 88,734</u>

4. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
BARR Foundation	\$ 1,123	\$ 1,123
Bohemian Foundation	-	98,574
Chevron USA Inc.	105,786	105,786
Conrad N. Hilton Foundation	355,000	-
Elizabeth Taylor AIDS Foundation	-	12,874
Gilead Foundation	5,519	-
Imago Dei Fund	-	33,334
Johnson and Johnson Services, Inc.	940,041	624,238
m2m SA	75	75
Segal Family Foundation	108,048	108,676
Stephen Lewis Foundation	15,950	14,822
Wallace Global Fund	<u>2,502</u>	<u>2,502</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,534,044</u>	<u>\$ 1,002,004</u>

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

4. TEMPORARILY RESTRICTED NET ASSETS (Continued)

The following temporarily restricted net assets were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2017</u>	<u>2016</u>
BARR Foundation	\$ -	\$ 175,000
Bohemian Foundation	98,574	8,040
Elizabeth Taylor AIDS Foundation	112,874	87,126
Gilead Foundation	794	50,000
Imago Dei Fund	33,334	33,333
Johnson and Johnson Services, Inc.	1,585,381	2,128,138
m2m SA	919,597	833,713
MAC Aids Fund-International	-	248,506
Segal Family Foundation	628	1,558
Stephen Lewis Foundation	<u>32,579</u>	<u>43,227</u>
	<u>\$ 2,783,761</u>	<u>\$ 3,608,641</u>

5. LEASE COMMITMENTS

m2m I leases office space in Los Angeles, California, under a month-to-month lease.

m2m I also leases office space in Washington, D.C., under a lease agreement that ended February 28, 2015. An extension on this lease was signed in June 2015 for the period July 1, 2015 through June 30, 2016 and then again to continue the lease through June 30, 2017. m2m I signed another extension effective July 1, 2017 through April 1, 2018, which increased the base rent to \$1,530 per month.

The following is a schedule of the future minimum lease payments:

Year Ending December 31, 2018	\$ <u>2,295</u>
--------------------------------------	------------------------

Rent expense for the years ended December 31, 2017 and 2016 was \$37,585 and \$39,500, respectively and is included in occupancy on the statement of functional expenses.

6. RETIREMENT PLAN

m2m I adopted a retirement plan during 2016 that provides retirement benefits to its employees through a 401(k) plan covering all full-time employees. m2m I currently pays up to 5% of each employee's gross wages. Contributions to the plan during the years ended December 31, 2017 and 2016 totaled \$76,084 and \$43,875, respectively.

7. CONCENTRATION OF REVENUE

Approximately 38% and 41%, respectively of m2m I's revenue for the years ended December 31, 2017 and 2016, respectively, was derived from grants awarded by one funder. m2m I has no reason to believe that relationships with this funder will be discontinued in the foreseeable future. However, any interruption of this relationship (i.e., the failure to renew grant agreements or withholding of funds) would adversely affect m2m I's ability to finance ongoing operations.

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

8. TRANSACTIONS WITH MOTHER2MOTHERS SOUTH AFRICA (M2M SA)

During the years ended December 31, 2017 and 2016, m2m I was involved in several transactions with mothers2mothers South Africa (m2m SA), an affiliated organization that shares the same CEO as m2m I. During 2017 and 2016, m2m I earned \$920,970 and \$836,726, respectively, for technical and professional services revenue from m2m SA.

m2m I awarded \$1,906,154 and \$2,710,993 in sub-awards to m2m SA during the years ended December 31, 2017 and 2016, respectively. As of December 31, 2017 and 2016, there was a net amount due from m2m SA totaling \$293,092 and an amount due to m2m SA totaling \$414,641, respectively.

9. FAIR VALUE MEASUREMENT

In accordance with FASB ASC 820, *Fair Value Measurement*, m2m I has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market m2m I has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value.

- *Equities* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Exchange traded funds and closed end funds* - A marketable security that tracks an index, a commodity, bonds, or a basket of assets like an index fund, and trades like a common stock on a stock exchange. Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Corporate debt, U.S. agency bonds, mortgage-backed securities* - The fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

MOTHERS2MOTHERS INTERNATIONAL, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

9. FAIR VALUE MEASUREMENT (Continued)

The table below summarizes, by level within the fair value hierarchy, m2m I's investments as of December 31, 2017:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2017</u>
Equities	\$ 392,993	\$ -	\$ -	\$ 392,993
Exchange traded funds and closed end funds	166,547	-	-	166,547
Mutual funds	87,488	-	-	87,488
Corporate fixed income	<u>-</u>	<u>370,087</u>	<u>-</u>	<u>370,087</u>
TOTAL	<u>\$ 647,028</u>	<u>\$ 370,087</u>	<u>\$ -</u>	<u>\$ 1,017,115</u>

The table below summarizes, by level within the fair value hierarchy, m2m I's investments as of December 31, 2016:

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total December 31, 2016</u>
Equities	\$ 324,560	\$ -	\$ -	\$ 324,560
Exchange traded funds and closed end funds	144,622	-	-	144,622
Mutual funds	35,149	-	-	35,149
Corporate fixed income	<u>-</u>	<u>235,582</u>	<u>-</u>	<u>235,582</u>
TOTAL	<u>\$ 504,331</u>	<u>\$ 235,582</u>	<u>\$ -</u>	<u>\$ 739,913</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, m2m I has evaluated events and transactions for potential recognition or disclosure through August 23, 2018, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

MOTHERS2MOTHERS INTERNATIONAL, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017**

	Supporting Services				Total Expenses
	Program Services	Management and General	Fundraising	Total Supporting Services	
Grants, contracts and direct assistance	\$ 1,906,154	\$ -	\$ -	\$ -	\$ 1,906,154
Salaries and wages	746,786	77,278	533,814	611,092	1,357,878
Fringe benefits	326,203	47,152	211,180	258,332	584,535
Professional fees	79,115	61,179	84,937	146,116	225,231
Supplies and printing	906	594	3,121	3,715	4,621
Communication expenses	1,141	81	5,443	5,524	6,665
Occupancy expenses	15,985	-	22,284	22,284	38,269
Computer maintenance	-	-	61	61	61
Travel	27,472	11,180	48,799	59,979	87,451
Conferences, conventions, and meetings	5,793	14	20,767	20,781	26,574
Insurance	(877)	273	1,036	1,309	432
Learning and development	14,167	-	3,092	3,092	17,259
Other expenses	791	9,444	19,306	28,750	29,541
TOTAL	\$ 3,123,636	\$ 207,195	\$ 953,840	\$ 1,161,035	\$ 4,284,671

MOTHERS2MOTHERS INTERNATIONAL, INC.

**SCHEDULE OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Supporting Services</u>				<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	
Grants, contracts and direct assistance	\$ 2,710,993	\$ -	\$ -	\$ -	\$ 2,710,993
Salaries and wages	696,713	145,479	470,006	615,485	1,312,198
Fringe benefits	300,074	57,193	196,710	253,903	553,977
Professional fees	30,683	74,855	98,911	173,766	204,449
Supplies and printing	2,247	2,752	5,638	8,390	10,637
Communication expenses	886	194	5,372	5,566	6,452
Occupancy expenses	14,300	-	30,614	30,614	44,914
Travel	33,433	12,048	34,651	46,699	80,132
Conferences, conventions, and meetings	8,688	12,797	22,315	35,112	43,800
Insurance	4,574	2,500	446	2,946	7,520
Learning and development	939	-	750	750	1,689
Other expenses	2,984	10,475	3,925	14,400	17,384
TOTAL	\$ 3,806,514	\$ 318,293	\$ 869,338	\$ 1,187,631	\$ 4,994,145