

# Selfless Love Foundation, Inc.

## Financial Statements

December 31, 2019

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## Independent Auditors' Report

To the Board of Directors  
Selfless Love Foundation, Inc.  
Hillsboro Beach, Florida

We have audited the accompanying financial statements of Selfless Love Foundation, Inc. (the "Foundation") which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, 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.

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Foundation'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 Foundation'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.

*Continued from previous page*

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Selfless Love Foundation, Inc. as of December 31, 2019, and the change 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.

*Angela Calton LLP*

Boca Raton, Florida  
July 20, 2020

Selfless Love Foundation, Inc.  
Statement of Financial Position  
December 31, 2019

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**ASSETS**

Current assets:

Cash	\$	777,020
Pledges receivable		245,549
Investments		301,916
Prepaid expenses		118,052
Total current assets		<u>1,442,537</u>

Total assets	\$	<u>1,442,537</u>
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**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$	12,354
Unconditional promise to give, net		400,000
Deferred revenue		168,466
Total current liabilities		<u>580,820</u>

Commitments and contingencies

Net assets:

Without donor restriction		644,078
With donor restriction		217,639
Total net assets		<u>861,717</u>

Total liabilities and net assets	\$	<u>1,442,537</u>
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See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2019

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Contributions	\$ 367,926	\$ 217,639	\$ 585,565
Special events	1,525,227	-	1,525,227
In-kind contributions	24,000	-	24,000
Net investment return	2,761	-	2,761
Total revenues	<u>1,919,914</u>	<u>217,639</u>	<u>2,137,553</u>
Expenses:			
Program	876,338	-	876,338
Management and general	157,613	-	157,613
Fundraising	361,659	-	361,659
Total expenses	<u>1,395,610</u>	<u>-</u>	<u>1,395,610</u>
Change in net assets	524,304	217,639	741,943
Net assets, beginning of year	<u>119,774</u>	<u>-</u>	<u>119,774</u>
Net assets, end of year	<u>\$ 644,078</u>	<u>\$ 217,639</u>	<u>\$ 861,717</u>

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2019

	Program	Management and General	Fundraising	Total Functional Expenses
Salary and benefits	\$ 345,184	\$ 27,011	\$ 18,758	\$ 390,953
Grant assistance	298,000	-	-	298,000
Entertainment	31,997	3,730	98,837	134,564
Professional fees	26,408	63,427	-	89,835
Décor	367	1,000	68,829	70,196
Catering	9,177	594	56,022	65,793
Marketing	45,833	9,069	2,359	57,261
Event planning	5,124	265	51,130	56,519
Travel and meetings	32,257	4,887	15,767	52,911
In-kind contributions	24,000	-	-	24,000
Gifts	23,023	6,821	7,065	36,909
Office supplies	8,216	20,992	1,170	30,378
Venue	5,313	1,478	17,410	24,201
Postage and shipping	11,336	3,352	6,287	20,975
Information technology	5,678	9,016	2,945	17,639
Bank fees	-	2,037	14,709	16,746
Dues and membership	4,300	56	-	4,356
Insurance	-	3,817	251	4,068
Equipment rental	125	61	120	306
Total functional expenses	<u>\$ 876,338</u>	<u>\$ 157,613</u>	<u>\$ 361,659</u>	<u>\$ 1,395,610</u>

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2019

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Cash flows from operating activities:	
Change in net assets	\$ 741,943
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Realized and unrealized gain on investments	(27)
Dividend income	(1,889)
Change in operating assets and liabilities:	
Pledges receivable	(241,365)
Prepaid expenses	(89,996)
Accounts payable	12,354
Unconditional promise to give, net	(100,000)
Deferred revenue	18,466
Net cash provided by operating activities	<u>339,486</u>
Cash flows from investing activities:	
Purchase of investments	<u>(300,000)</u>
Net cash used in investing activities	<u>(300,000)</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	39,486
Cash, beginning of year	<u>737,534</u>
Cash, end of year	<u>\$ 777,020</u>

See accompanying notes to financial statements.



## Note 1 – Description of Foundation

Selfless Love Foundation, Inc. (the “Foundation”) was incorporated in the State of Florida on February 17, 2015 as a private, not-for-profit dedicated to transforming the lives of current and former foster youth through awareness and strategic partnerships. The Foundation’s support comes primarily from contributions from individual and corporate donors and revenues from annual events.

## Note 2 – Summary of Significant Accounting Policies

### *Basis of Presentation*

The Foundation’s financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

### *Financial Statement Presentation*

The Foundation reports information regarding its financial position and activities according to the following net asset classifications:

**Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of Foundation’s management and the board of directors.

**Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

### *Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs, general and administrative, and fundraising services benefited.

### *Use of Estimates*

The preparation of financial statements in conformity with U.S. GAAP 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 and expenses during the reporting period. Actual results could differ from those estimates.

### *Cash and Cash Equivalents*

The Foundation considers all highly liquid investments with an original maturity of three (3) months or less to be cash equivalents. There were no cash equivalents as of December 31, 2019.

## Note 2 – Summary of Significant Accounting Policies, continued

### Pledges Receivable

Pledges receivable are recorded at face value, which approximates the present value when computed using interest rates appropriate to the estimated length of time for realization. All pledges receivable are reviewed annually for collectability. Management determines the allowance for doubtful receivables by regularly evaluating individual receivables and considering donor's financial condition and current economic conditions. Management believes that pledges receivable are fully collectible.

### Investments

The Foundation reports investments at fair value. Net investment return consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Net investment return is reported in the statement of activities and changes in net assets as a change in net assets without donor restriction unless the use of the income is limited by donor-imposed restrictions.

### Promises to Give

Unconditional promises to give are recorded at the time the Foundation has made an irrevocable promise to give in the future, which occurs when the Foundation approves a specific grant. If payments of the unconditional promise to give are to be made to a recipient over a period of time greater than one (1) year and the recipient is subject only to routine performance requirements, a liability and an expense for the entire amount payable is recognized in the period awarded. Unconditional promises to give that extend greater than one (1) year are recorded at net present value using interest rates appropriate to the length of time for realization. Conditional promises to give are recorded by the Foundation at the time the recipient has substantially met the underlying conditions.

### Deferred Revenue

Deferred revenue consists of payments received in advance for the Foundation's annual events. Revenue is recognized in the subsequent year when the event occurs.

### Contributions

Contributions received are recorded as revenue without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### Donated Services and Materials

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when donated services received create or enhance long-lived assets or require specialized skills and when goods that would typically need to be purchased are provided by donation.

## Note 2 – Summary of Significant Accounting Policies, continued

### Income Taxes

The Foundation has been recognized by the Internal Revenue Services (“IRS”) as an organization that is exempt from federal income taxes under Internal Revenue Code (“IRC”) Section 501(c)(3). Furthermore, it has been determined that the Foundation is not a private foundation. No provision has been made for income taxes in the financial statements.

### Recent Accounting Pronouncements

In June 2018, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. ASU No. 2018-08 should assist entities in (i) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (ii) determining whether a contribution is conditional. ASU No. 2018-08 is effective for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact that the adoption of this new standard will have on its financial statements.

### Date of Management’s Review

Management has evaluated subsequent events through July 20, 2020, the date on which the financial statements were available to be issued.

## Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year as of December 31, 2019, comprise of the following:

Financial assets as of December 31, 2019:	
Cash	\$ 777,020
Pledges receivable	245,549
Investments	301,916
Total financial assets	<u>1,324,485</u>
Less: financial assets not available for general expenditure	
within one year due to:	
Restricted by donor with purpose restriction, employee payroll	<u>(217,639)</u>
Total financial assets available for general expenditure	<u>\$ 1,106,846</u>

The Foundation has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**Note 4 – Pledges Receivable**

Pledges receivable due on unconditional promises to give consisted of the following as of December 31, 2019:

<u>Year Ending December 31,</u>	
2020	\$ 245,549
	<u>245,549</u>
Discount to present value	-
Total pledges receivable	<u>\$ 245,549</u>

**Note 5 – Unconditional Promises to Give**

Future obligations due on unconditional promises to give consisted of the following as of December 31, 2019:

<u>Year Ending December 31,</u>	
2020	\$ 401,960
	<u>401,960</u>
Discount to present value	<u>(1,960)</u>
Total unconditional promise to give, net	<u>\$ 400,000</u>

On September 1, 2016, the Foundation entered into an unconditional promise to give agreement (the Agreement”) with a donee for \$1,000,000 whereby the Foundation will make an annual payment of \$200,000 on September 1 of each year over a period of four (4) years. \$200,000 was due upon the signing of the Agreement and the final payment is due September 1, 2020. As of December 31, 2019, the amount due under the Agreement was \$400,000.

On April 22, 2020, the Foundation terminated the Agreement with the donee and entered into a new unconditional promise to give agreement (the “New Agreement”) with the same donee in the amount of \$400,000. The intended purpose of the New Agreement was to restructure the scheduled payments on the \$400,000 owed to the donee. The New Agreement calls for thirty-two (32) equal quarterly installment payments of \$12,500 commencing on April 22, 2020, with the final payment due on January 1, 2028.

### Note 6 – Donated Services and Materials

Donated services and materials received during the year ended December 31, 2019 were as follows:

Donated services:	
Information technology	\$ 14,500
Marketing	-
Total donated services	<u>\$ 14,500</u>

Donated materials:	
Auction items	\$ 206,343
Total donated materials	<u>\$ 206,343</u>

Donated auction items are recorded at fair value as an asset and contribution revenue on the date of donation. When an item is sold, the asset is removed and contribution revenue is adjusted to proceeds received from the sale. Donated auction item revenue during the year ended December 31, 2019 was \$206,343, which is included in special events revenue in the accompanying statement of activities and changes in net assets.

### Note 7 – Fair Value Measurements

Certain financial assets are recorded at fair value. Fair value is defined as the price that would be received to sell an asset between market participants in an orderly transaction on the measurement date. The market in which the reporting entity would sell the asset with the greatest volume and level of activity for the asset is known as the principal market. When no principal market exists, the most advantageous market is used. This is the market in which the reporting entity would sell the asset with the price that maximizes the amount that would be received. Fair value is based on assumptions market participants would make in pricing the asset. Generally, fair value is based on observable quoted market prices or derived from observable market data when such market prices or data are available. When such prices or inputs are not available, the reporting entity should use valuation models.

The Foundation's assets recorded at fair value are categorized based on the priority of the inputs used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The inputs used in measuring fair value are categorized into three levels, as follows:

- **Level 1** - Inputs are based upon quoted prices for identical instruments traded in active markets.
- **Level 2** - Inputs that are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar investments in markets that are not active, or models based on valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the investment.

**Note 7 – Fair Value Measurements, continued**

- **Level 3** - Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The following section describes the valuation methodologies the Foundation uses to measure its assets at fair value.

- Mutual funds are valued at the quoted net asset value of shares reported in the active market in which the mutual funds are traded.

***Fair Value on a Recurring Basis***

Investments measured at fair value on a recurring basis are summarized below:

<i>Description</i>	As of December 31, 2019			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 301,916	\$ 301,916	\$ -	\$ -
Total investments	\$ 301,916	\$ 301,916	\$ -	\$ -

**Note 8 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consisted of the following as of December 31 2019:

Net assets with donor restriction:	
Purpose restriction, employee payroll	\$ 217,639
Total net assets with donor restriction	\$ 217,639

**Note 9 – Related Party Transaction**

On January 1, 2019, The Foundation received an unconditional pledge of \$367,639 from a member of the executive board to be used for the Foundation's employee payroll. As of December 31, 2019, the remaining balance due to the Foundation from the member was \$217,639.

**Note 10 – Concentration of Credit Risk**

Financial instruments that potentially subject the Foundation to concentration of credit risk consist principally of cash deposits in excess of the Federal Deposit Insurance Corporation ("FDIC") insured limits. As of December 31, 2019, there were deposits of \$534,133 in excess of FDIC limits.

### Note 11 – Subsequent Event

On January 30, 2020, the World Health Organization (the “WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond the point of origin. On March 20, 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of these financial statements. As such, it is uncertain as to the full magnitude that the pandemic will have on the Foundation’s financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Foundation is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the year ending December 31, 2020.

In response to the COVID-19 outbreak in the United States, the CARES Act (the “Act”) was passed by Congress and signed into law on March 27, 2020. Among other programs, the Act included the Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”), an extension of the SBA Section 7(a) program that provides up to \$349 billion in 100% SBA-guaranteed loans for eligible small businesses, including loan forgiveness provisions where loan proceeds are used for qualifying expenditures. On June 11, 2020, the Foundation received a PPP loan (the “PPP loan”) under the SBA PPP with an original principal balance of \$57,802. The PPP loan principal and interest will be forgiven so long as the funds are used for qualifying expenditures as outlined in the Act. Management intends for the principal and interest on the PPP loan to be forgiven in its entirety. The loan bears interest at 1% and matures on June 11, 2022. Eighteen (18) equal monthly principal and interest payments will commence on January 11, 2021 for any unforgiven principal and interest under the PPP loan.