

Selfless Love Foundation, Inc.

Financial Statements

December 31, 2020

Table of Contents

Independent Auditors' Report.....	1 – 2
Financial Statements:	
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements	7 – 13

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, 2020, 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, 2020, 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 Carlson LLP

Boca Raton, Florida
October 1, 2021

Selfless Love Foundation, Inc.
Statement of Financial Position
December 31, 2020

ASSETS

Current assets:

Cash	\$	1,451,800
Contributions receivable		42,955
Pledges receivable		34,018
Investments		319,314
Prepaid expenses		136,724
Total current assets		<u>1,984,811</u>

Total assets	\$	<u>1,984,811</u>
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LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$	14,507
Unconditional promise to give, current portion		46,515
Deferred revenue		140,000
Total current liabilities		<u>201,022</u>

Long-term liabilities:

Unconditional promise to give, non-current portion		<u>291,589</u>
Total long-term liabilities		<u>291,589</u>

Commitments and contingencies

Net assets:

Without donor restriction		<u>1,492,200</u>
Total net assets		<u>1,492,200</u>

Total liabilities and net assets	\$	<u>1,984,811</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, 2020

	Without Donor Restriction	With Donor Restriction	Total
Revenues:			
Contributions	\$ 283,109	\$ 196,667	\$ 479,776
Grant revenue	221,502	-	221,502
Special events	1,313,277	-	1,313,277
Net investment return	17,398	-	17,398
In-kind contribution	15,750	-	15,750
Other	10,828	-	10,828
Net assets released from restriction	414,306	(414,306)	-
Total revenues	<u>2,276,170</u>	<u>(217,639)</u>	<u>2,058,531</u>
Expenses:			
Program	980,065	-	980,065
Management and general	219,165	-	219,165
Fundraising	228,818	-	228,818
Total expenses	<u>1,428,048</u>	<u>-</u>	<u>1,428,048</u>
Change in net assets	848,122	(217,639)	630,483
Net assets, beginning of year	<u>644,078</u>	<u>217,639</u>	<u>861,717</u>
Net assets, end of year	<u>\$ 1,492,200</u>	<u>\$ -</u>	<u>\$ 1,492,200</u>

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program	Management and General	Fundraising	Total Functional Expenses
Salary and benefits	\$ 374,425	\$ 80,871	\$ 92,250	\$ 547,546
Grant assistance	443,716	-	-	443,716
Entertainment	891	885	2,049	3,825
Professional fees	3,163	58,158	925	62,246
Décor	-	-	14,469	14,469
Catering	900	1,110	7,115	9,125
Marketing	68,586	3,546	5,652	77,784
Event planning	17,224	2,976	58,089	78,289
Travel and meetings	28,215	2,671	1,773	32,659
In-kind contribution	15,750	-	-	15,750
Gifts	26	7,329	-	7,355
Office supplies	12,143	18,412	1,700	32,255
Gala virtual hosting	-	-	25,000	25,000
Postage and shipping	-	4,536	-	4,536
Information technology	1,800	28,430	3,526	33,756
Bank fees	-	6,420	12,471	18,891
Dues and membership	13,226	-	3,340	16,566
Insurance	-	3,821	459	4,280
Total functional expenses	<u>\$ 980,065</u>	<u>\$ 219,165</u>	<u>\$ 228,818</u>	<u>\$ 1,428,048</u>

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	\$ 630,483
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Unrealized gain on investments	(9,580)
Dividend and capital gain income	(8,578)
Present value discount, unconditional promise to give	(24,396)
Change in operating assets and liabilities:	
Contributions receivable	(42,955)
Pledges receivable	211,531
Prepaid expenses	(17,912)
Accounts payable and accrued expenses	2,153
Unconditional promise to give	(37,500)
Deferred revenue	(28,466)
Net cash provided by operating activities	<u>674,780</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	674,780
Cash, beginning of year	<u>777,020</u>
Cash, end of year	<u>\$ 1,451,800</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, strategic partnerships, and advocacy. 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 statement 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, 2020.

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 Service (“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.

Accounting Pronouncement Adopted

On January 1, 2020, the Foundation adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) No. 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* using a modified prospective approach. The ASU is intended to assist entities in evaluating whether transactions should be accounted for as contributions or an exchange transaction, as well as determining whether a contribution is conditional. There was no impact to revenue or expenses associated with adopting ASU No. 2018-08.

Recent Accounting Pronouncement

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (in-kind contributions) received by non-profits are to be used and how they are valued. This ASU is effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact this ASU will have on the Foundation.

Date of Management’s Review

Management has evaluated subsequent events through October 1, 2021, 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, 2020, comprise of the following:

Financial assets:		
Cash	\$	1,451,800
Contributions receivable		42,955
Pledges receivable		34,018
Investments		319,314
Total financial assets		<u>1,848,087</u>
Less: financial assets unavailable for general expenditure		<u>-</u>
Total financial assets available for general expenditure	\$	<u><u>1,848,087</u></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, 2020:

<u>Year Ending December 31,</u>	
2021	\$ 34,018
Discount to present value	-
Total pledges receivable	<u>\$ 34,018</u>

Note 5 – Unconditional Promises to Give

Future obligations due on unconditional promises to give consisted of the following as of December 31, 2020:

<u>Years Ending December 31,</u>	
2021	\$ 50,000
2022	50,000
2023	50,000
2024	50,000
2025	50,000
Thereafter	<u>112,500</u>
	362,500
Discount to present value	<u>(24,396)</u>
Unconditional promise to give, net	<u>\$ 338,104</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. 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 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. As of December 31, 2020, the amount due under the Agreement was \$362,500.

Note 6 – Donated Services and Materials

Donated services and materials received during the year ended December 31, 2020 were as follows:

Donated services:	
Information technology	\$ 15,750
	<u>15,750</u>
Donated materials:	
Auction items	\$ 372,440
Raffle item	6,825
	<u>6,825</u>
Total donated materials	\$ 379,265
	<u>379,265</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, 2020 was \$372,440 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, 2020			
	Assets Measured at Fair Value	Fair Value Hierarchy Level		
		Level 1	Level 2	Level 3
Investments:				
Mutual funds	\$ 319,314	\$ 319,314	\$ -	\$ -
Total investments	<u>\$ 319,314</u>	<u>\$ 319,314</u>	<u>\$ -</u>	<u>\$ -</u>

Note 8 – Net Assets Released From Restriction

Net assets released from restriction consisted of the following for the year ended December 31, 2020:

Purpose restriction, employee payroll	\$ 414,306
Net assets released from restriction	<u>\$ 414,306</u>

Note 9 – Related Party Transaction

During the year ended December 31, 2020, the Foundation recorded contribution revenue with donor restriction from a member of the executive board in the amount of \$196,667. The contributions were to be used for the Foundation's employee payroll.

Note 10 – Paycheck Protection Program

On June 11, 2020, the Foundation was granted a \$57,802 loan under the Paycheck Protection Program (the “PPP”) administered by a Small Business Administration (the “SBA”) approved lender. The loan is uncollateralized and is fully guaranteed by the Federal government. The Foundation initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with Accounting Standards Codification (“ASC”) 958, *Not-For-Profit Entities* guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Foundation has recognized \$57,802 as grant revenue for the year ended December 31, 2020. On August 19, 2021, the Foundation was notified by its lender that the SBA approved loan forgiveness for the entire amount granted of \$57,802 and remitted payment to the lender bringing the outstanding balance of the PPP loan to \$0.

Note 11 – 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, 2020, there were deposits of \$1,210,900 in excess of FDIC limits.

Note 12 – Litigation

From time to time, the Organization is subject to legal proceedings which arise in the ordinary course of its activities. Although, there can be no assurance as to the ultimate disposition of these matters, the Organization’s management believes that the final disposition of such matters will not have a material adverse effect on the financial position or results of activities of the Organization.