



**DASZKALBOLTON**  
accountants & advisors

# Selfless Love Foundation, Inc.

## Financial Statements

December 31, 2021

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## Independent Auditors' Report

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

### *Opinion*

We have audited the accompanying financial statements of Selfless Love Foundation, Inc. (the "Foundation"), which are comprised of the statement of financial position as of December 31, 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material

*Continued from previous page*

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Accountal Balston LLP*

Boca Raton, Florida  
August 12, 2022

Selfless Love Foundation, Inc.  
Statement of Financial Position  
December 31, 2021

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**ASSETS**

Current assets:

|                        |    |                  |
|------------------------|----|------------------|
| Cash                   | \$ | 2,091,629        |
| Accounts receivable    |    | 12,938           |
| Investment, securities |    | 362,162          |
| Prepaid expenses       |    | 124,258          |
| Total current assets   |    | <u>2,590,987</u> |

|                       |  |                |
|-----------------------|--|----------------|
| Endowment, securities |  | <u>896,537</u> |
|-----------------------|--|----------------|

|              |    |                  |
|--------------|----|------------------|
| Total assets | \$ | <u>3,487,524</u> |
|--------------|----|------------------|

**LIABILITIES AND NET ASSETS**

Current liabilities:

|  |    |                |
|--|----|----------------|
| Accounts payable and accrued expenses          | \$ | 10,413         |
| Unconditional promise to give, current portion |    | 47,100         |
| Deferred revenue                               |    | 88,650         |
| Total current liabilities                      |    | <u>146,163</u> |

Long-term liabilities:

|  |  |                |
|--|--|----------------|
| Unconditional promise to give, non-current portion |  | <u>247,275</u> |
| Total long-term liabilities                        |  | <u>247,275</u> |

Commitments and contingencies

Net assets:

|                           |  |                  |
|---------------------------|--|------------------|
| Without donor restriction |  | 2,844,086        |
| With donor restriction    |  | 250,000          |
| Total net assets          |  | <u>3,094,086</u> |

|                                  |    |                  |
|----------------------------------|----|------------------|
| Total liabilities and net assets | \$ | <u>3,487,524</u> |
|----------------------------------|----|------------------|

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Activities and Changes in Net Assets  
For the Year Ended December 31, 2021

|                               | Without Donor<br>Restriction | With Donor<br>Restriction | Total               |
|-------------------------------|------------------------------|---------------------------|---------------------|
| Revenues:                     |                              |                           |                     |
| Gala event                    | \$ 2,763,540                 | \$ 250,000                | \$ 3,013,540        |
| Contributions                 | 266,066                      | -                         | 266,066             |
| Grant revenue                 | 43,438                       | -                         | 43,438              |
| Net investment return         | 58,196                       | -                         | 58,196              |
| In-kind contribution          | 18,750                       | -                         | 18,750              |
| Other                         | 2,454                        | -                         | 2,454               |
| Total revenues                | <u>3,152,444</u>             | <u>250,000</u>            | <u>3,402,444</u>    |
| Expenses:                     |                              |                           |                     |
| Program services              | 1,201,128                    | -                         | 1,201,128           |
| Management and general        | 157,967                      | -                         | 157,967             |
| Fundraising                   | 441,463                      | -                         | 441,463             |
| Total expenses                | <u>1,800,558</u>             | <u>-</u>                  | <u>1,800,558</u>    |
| Change in net assets          | 1,351,886                    | 250,000                   | 1,601,886           |
| Net assets, beginning of year | <u>1,492,200</u>             | <u>-</u>                  | <u>1,492,200</u>    |
| Net assets, end of year       | <u>\$ 2,844,086</u>          | <u>\$ 250,000</u>         | <u>\$ 3,094,086</u> |

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Functional Expenses  
For the Year Ended December 31, 2021

|                               | Program Services  |                       |                           | Management<br>and<br>General | Fundraising       | Total<br>Functional<br>Expenses |
|-------------------------------|-------------------|-----------------------|---------------------------|------------------------------|-------------------|---------------------------------|
|                               | Adoptions         | Independent<br>Living | Total Program<br>Services |                              |                   |                                 |
| Payroll                       | \$ 90,185         | \$ 446,983            | \$ 537,168                | \$ 28,888                    | \$ 90,016         | \$ 656,072                      |
| Gala event                    | -                 | -                     | -                         | 649                          | 328,526           | 329,175                         |
| Grant assistance              | 249,996           | -                     | 249,996                   | -                            | -                 | 249,996                         |
| Events                        | -                 | 88,511                | 88,511                    | 13,003                       | 5,543             | 107,057                         |
| Marketing                     | 21,609            | 48,729                | 70,338                    | 2,804                        | -                 | 73,142                          |
| Photographer and videographer | 31,775            | 33,523                | 65,298                    | -                            | -                 | 65,298                          |
| Employee benefits             | 2,835             | 48,197                | 51,032                    | -                            | -                 | 51,032                          |
| Payroll taxes                 | 4,719             | 30,673                | 35,392                    | 2,359                        | 9,439             | 47,190                          |
| Training and workshops        | 10,865            | 28,836                | 39,701                    | 375                          | -                 | 40,076                          |
| Information technology        | -                 | 887                   | 887                       | 37,794                       | 15                | 38,696                          |
| Office expense                | -                 | 308                   | 308                       | 31,255                       | 711               | 32,274                          |
| Travel                        | 4,864             | 21,518                | 26,382                    | 878                          | 55                | 27,315                          |
| Professional fees             | -                 | -                     | -                         | 23,670                       | -                 | 23,670                          |
| In-kind contribution          | 9,375             | 9,375                 | 18,750                    | -                            | -                 | 18,750                          |
| Bank fees                     | -                 | -                     | -                         | 6,976                        | 7,158             | 14,134                          |
| Host                          | 6,250             | 6,250                 | 12,500                    | -                            | -                 | 12,500                          |
| Insurance                     | -                 | -                     | -                         | 9,316                        | -                 | 9,316                           |
| Dues and membership           | 4,800             | 65                    | 4,865                     | -                            | -                 | 4,865                           |
| Total functional expenses     | <u>\$ 437,273</u> | <u>\$ 763,855</u>     | <u>\$ 1,201,128</u>       | <u>\$ 157,967</u>            | <u>\$ 441,463</u> | <u>\$ 1,800,558</u>             |

See accompanying notes to financial statements.

Selfless Love Foundation, Inc.  
Statement of Cash Flows  
For the Year Ended December 31, 2021

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|   |                     |
|---|---------------------|
| Cash flows from operating activities:   |                     |
| Change in net assets  | \$ 1,601,886        |
| Adjustments to reconcile the change in net assets to net cash provided by operating activities: |                     |
| Net unrealized gain on investments  | (3,945)             |
| Net realized gain on investments  | (12,789)            |
| Present value discount, unconditional promise to give   | 6,271               |
| Change in operating assets and liabilities:   |                     |
| Accounts receivable   | (12,938)            |
| Pledges receivable  | 76,973              |
| Prepaid expenses  | 12,466              |
| Accounts payable and accrued expenses   | (4,094)             |
| Unconditional promise to give   | (50,000)            |
| Deferred revenue  | (51,350)            |
| Net cash provided by operating activities   | <u>1,562,480</u>    |
| <br>Cash flows from investing activities:   |                     |
| Purchase of investments   | (1,355,498)         |
| Sale of investments   | 432,847             |
| Net cash used in investing activities   | <u>(922,651)</u>    |
| <br>Cash flows from financing activities  | <u>-</u>            |
| <br>Net increase in cash  | 639,829             |
| <br>Cash, beginning of year   | <u>1,451,800</u>    |
| <br>Cash, end of year   | <u>\$ 2,091,629</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 public, 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 the Foundation’s annual Gala.

## 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 program services, 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.

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

### 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, 2021.

### 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.

### 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.

### Endowment

In September 2021, the Foundation established an endowment fund (the "Fund") and made an initial board designated contribution in the amount of \$1,000,000. The primary purpose of the Fund is to provide a means for supporters and friends of the Foundation, to make gifts and bequests to provide permanent financial support. The endowment assets will consist of donor restricted funds and board designated funds. As of December 31, 2021, there were no donor restricted endowment funds. As of December 31, 2021, board designated endowment funds was \$1,007,638.

Currently, the income earned from the endowment assets is reinvested back into the Fund so that the endowment will grow into a sustainable source of funding to support the mission of the Foundation. Net assets associated with the Fund are classified and reported based on the existence or absence of donor-imposed restrictions. Board designated endowment funds may be used at the boards discretion and are not true restricted or perpetual endowment assets.

### 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.

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

### 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.

### Income Taxes

The Foundation has been recognized by the Internal Revenue Service ("IRS") as a Foundation 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 Pronouncement

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 August 12, 2022, 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, 2021, comprise of the following:

|   |                     |
|---|---------------------|
| Financial assets:   |                     |
| Cash  | \$ 2,091,629        |
| Accounts receivable   | 12,938              |
| Investment, securities                                      | 362,162             |
| Endowment, securities                                       | 896,537             |
| Total financial assets                                      | <u>3,363,266</u>    |
| Less: financial assets unavailable for general expenditure: |                     |
| Restricted by donor:  |                     |
| Employee payroll, purpose restriction                       | <u>(250,000)</u>    |
| Total financial assets available for general expenditure    | <u>\$ 3,113,266</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 – Unconditional Promises to Give**

Future obligations due on unconditional promises to give consisted of the following as of December 31, 2021:

| <u>Years Ending December 31,</u>   |                   |
|------------------------------------|-------------------|
| 2022                               | \$ 50,000         |
| 2023                               | 50,000            |
| 2024                               | 50,000            |
| 2025                               | 50,000            |
| 2026                               | 50,000            |
| Thereafter                         | <u>62,500</u>     |
|                                    | 312,500           |
| Discount to present value          | <u>(18,125)</u>   |
| Unconditional promise to give, net | <u>\$ 294,375</u> |

#### **Note 4 – Unconditional Promises to Give, continued**

On April 22, 2020, the Foundation entered into an unconditional promise to give agreement (the “Agreement”) with a donee for \$400,000. The 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, 2021, the amount due under the Agreement was \$312,500.

#### **Note 5 – Donated Services and Materials**

Donated services and materials received during the year ended December 31, 2021 were as follows:

|                                      |            |
|--------------------------------------|------------|
| Donated services:                    |            |
| Information technology               | \$ 18,750  |
| Donated materials:                   |            |
| Auction items                        | 575,121    |
| Total donated services and materials | \$ 593,871 |

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, 2021 was \$575,121 which is included in Gala event revenue in the accompanying statement of activities and changes in net assets.

#### **Note 6 – 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.

**Note 6 – Fair Value Measurements, continued**

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.
- **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 and exchange traded funds ("ETFs") are valued at the quoted net asset value of shares reported in the active market in which the 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, 2021   |                            |             |             |
|-----------------------------------|---------------------------|----------------------------|-------------|-------------|
|                                   | Assets                    |                            |             |             |
|                                   | Measured at<br>Fair Value | Fair Value Hierarchy Level |             |             |
|                                   | Level 1                   | Level 2                    | Level 3     |             |
| Investment, securities            |                           |                            |             |             |
| Mutual funds and ETFs             | \$ 362,162                | \$ 362,162                 | \$ -        | \$ -        |
| Total investment, securities      | <u>\$ 362,162</u>         | <u>\$ 362,162</u>          | <u>\$ -</u> | <u>\$ -</u> |
| Endowment, board designated:      |                           |                            |             |             |
| Cash                              | \$ 111,101                | \$ 111,101                 | \$ -        | \$ -        |
| Mutual funds and ETFs             | 896,537                   | 896,537                    | -           | -           |
| Total endowment, board designated | <u>\$ 1,007,638</u>       | <u>\$ 1,007,638</u>        | <u>\$ -</u> | <u>\$ -</u> |

**Note 7 – Investments**

The changes in the Foundation's investments were as follows for the year ended December 31, 2021:

|  | Without Donor<br>Restriction | With Donor<br>Restriction | Total             |
|--|------------------------------|---------------------------|-------------------|
| Investment net assets, December 31, 2020 | \$ 319,314                   | \$ -                      | \$ 319,314        |
| Investment return:                       |                              |                           |                   |
| Dividends, interest and capital gains    | 11,524                       | -                         | 11,524            |
| Realized gain                            | 18,224                       | -                         | 18,224            |
| Unrealized gain                          | 13,976                       | -                         | 13,976            |
| Investment fees                          | (876)                        | -                         | (876)             |
| Investment net assets, December 31, 2021 | <u>\$ 362,162</u>            | <u>\$ -</u>               | <u>\$ 362,162</u> |

Net investment return consisted of the following for the year ended December 31, 2021:

|                                       |                  |
|---------------------------------------|------------------|
| Net unrealized gain                   | \$ 3,945         |
| Net realized gain                     | 12,789           |
| Dividends, interest and capital gains | 42,338           |
| Investment fees                       | (876)            |
| Net investment return                 | <u>\$ 58,196</u> |

**Note 8 – Endowment**

***Interpretation of Relevant Law***

In June 2011, the State of Florida adopted the Florida Uniform Prudent Management of Institutional Funds Act ("FUPMIFA") which is effective July 1, 2012. The Foundation has interpreted FUPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the Fund. The remaining portion of the donor-restricted endowment fund is classified as with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by FUPMIFA.

**Note 8 – Endowment, continued**

*Interpretation of Relevant Law, continued*

The Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund earnings:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Foundation
- 7) The investment policies of the Foundation

*Return Objectives and Risk Parameters*

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of income to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets on an inflation adjusted basis.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places emphasis on investments in mutual funds to achieve its long-term return objectives within prudent risk constraints.

The changes in the Foundation's endowment net assets were as follows for the year ended December 31, 2021:

|   | <u>Without Donor<br/>Restriction</u> | <u>With Donor<br/>Restriction</u> | <u>Total</u>        |
|---|--------------------------------------|-----------------------------------|---------------------|
| Endowment net assets, December 31, 2020 | \$ -                                 | \$ -                              | \$ -                |
| Investment return:                      |                                      |                                   |                     |
| Dividends, interest and capital gains   | 23,104                               | -                                 | 23,104              |
| Realized loss                           | (5,435)                              | -                                 | (5,435)             |
| Unrealized loss                         | (10,031)                             | -                                 | (10,031)            |
| Contribution                            | 1,000,000                            | -                                 | 1,000,000           |
| Endowment net assets, December 31, 2021 | <u>\$ 1,007,638</u>                  | <u>\$ -</u>                       | <u>\$ 1,007,638</u> |

As of December 31, 2021, there were no donor restricted endowment net assets. As of December 31, 2021, board designated endowment net assets was \$1,007,638.



### Note 9 – Net Assets

Net assets consisted of the following as of December 31, 2021:

|  |                     |
|--|---------------------|
| Net assets without donor restriction:      |                     |
| Undesignated                               | \$ 1,836,448        |
| Board designated, endowment funds          | <u>1,007,638</u>    |
| Total net assets without donor restriction | <u>2,844,086</u>    |
|  |                     |
| Net assets with donor restriction:         |                     |
| Employee payroll, purpose restriction      | <u>250,000</u>      |
|  |                     |
| Total net assets                           | <u>\$ 3,094,086</u> |

### Note 10 – Related Party Transaction

During the year ended December 31, 2021, the Foundation recorded Gala event revenue with donor restriction from a member of the executive board in the amount of \$250,000. The contribution is to be used for the Foundation's employee payroll.

### Note 11 – Concentrations 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, 2021, there were deposits of approximately \$1,715,000 in excess of FDIC limits.

The Foundation holds accounts with a third-party investment custodian. Securities held with the custodian are Securities Investor Protection Corporation insured up to \$500,000 per accounts held in the same capacity. As of December 31, 2021, securities subject to credit risk held with the custodian totaled approximately \$759,000.