

# **LOVE HELPS, INC.**

AUDITED FINANCIAL STATEMENTS

June 30, 2023 and 2022



# LOVE HELPS, INC.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Love Helps, Inc.  
Nashville, Tennessee

### **Opinion**

We have audited the accompanying financial statements of **Love Helps, Inc.** (a not-for-profit corporation) which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the fiscal years 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 Love Helps, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Love Helps, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 accounting principles generally accepted in the United States of America, 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 Love Helps, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are 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 auditor's 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material 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 generally accepted auditing standards, 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 internal control for Love Helps, Inc. 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 ability for Love Helps, Inc. 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.

*FMC CPAs, PLLC*

Nashville, Tennessee  
September 14, 2023

# LOVE HELPS, INC.

## STATEMENTS OF FINANCIAL POSITION

	June 30	
	2023	2022
<b>ASSETS</b>		
Current Assets		
Cash	\$ 331,145	\$ 299,680
Prepaid expenses	7,960	8,260
Total Current Assets	339,105	307,940
Property and equipment, net	2,746	4,437
<b>TOTAL ASSETS</b>	<b>\$ 341,851</b>	<b>\$ 312,377</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 593	\$ 6,038
Refundable advances	8,500	0
Total Current Liabilities	9,093	6,038
Net Assets		
Without donor restrictions	332,758	306,339
Total Net Assets	332,758	306,339
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 341,851</b>	<b>\$ 312,377</b>

See notes to financial statements.

# LOVE HELPS, INC.

## STATEMENTS OF ACTIVITIES

	<b>Fiscal Year Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>SUPPORT AND REVENUES</b>		
Contributions		
Cash	\$ 61,052	\$ 82,491
Nonfinancial assets	1,570	204
Total Contributions	62,622	82,695
Special Events Revenue		
Cash	333,504	328,333
Nonfinancial assets	12,211	6,709
Less: direct benefits to donors	(130,349)	(112,278)
Net Special Events Revenue	215,366	222,764
 TOTAL SUPPORT AND REVENUES	 277,988	 305,459
<b>EXPENSES</b>		
Program Services	171,678	151,539
Supporting Services		
Management and general	37,947	34,824
Fund-raising	41,944	39,612
Total Supporting Services	79,891	74,436
 TOTAL EXPENSES	 251,569	 225,975
 <b>NET INCREASE IN NET ASSETS</b>	 <b>\$ 26,419</b>	 <b>\$ 79,484</b>
Net assets at beginning of fiscal year	306,339	226,855
 NET ASSETS AT END OF FISCAL YEAR	 <u>\$ 332,758</u>	 <u>\$ 306,339</u>

See notes to financial statements.

# LOVE HELPS, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

Fiscal Year Ended June 30, 2023										
	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES	
	Triple "A" Achiever	Character Education, LIVE!	Leading by Reading	Tools for Schools	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Wages and benefits	\$ 54,057	\$ 16,045	\$ 38,390	\$ 13,945	\$ 122,437	\$ 16,045	\$ 21,967	\$ 38,012	\$	160,449
Payroll taxes	3,309	991	2,465	831	7,596	991	1,327	2,318		9,914
Information technology	1,244	1,265	1,244	1,225	4,978	2,075	1,311	3,386		8,364
Rent	2,672	2,672	2,672	2,672	10,688	2,673	2,672	5,345		16,033
Transportation	724	0	637	104	1,465	698	181	879		2,344
Telephone, postage, and shipping	772	772	772	772	3,088	1,528	772	2,300		5,388
Supplies	426	182	3,065	348	4,021	2,400	201	2,601		6,622
Printing and publications	6,661	64	128	1,416	8,269	64	128	192		8,461
Depreciation	282	282	282	282	1,128	281	282	563		1,691
Insurance	346	346	346	346	1,384	2,009	346	2,355		3,739
Dues and fees	0	0	0	0	0	8,955	12,397	21,352		21,352
Other miscellaneous expenses	5,660	165	634	165	6,624	228	360	588		7,212
Direct benefits to donors	0	0	0	0	0	0	130,349	130,349		130,349
TOTAL EXPENSES	76,153	22,784	50,635	22,106	171,678	37,947	172,293	210,240		381,918
Expenses netted with revenues:										
Less - Special events costs	0	0	0	0	0	0	(130,349)	(130,349)		(130,349)
TOTAL EXPENSES ON STATEMENT OF ACTIVITIES	\$ 76,153	\$ 22,784	\$ 50,635	\$ 22,106	\$ 171,678	\$ 37,947	\$ 41,944	\$ 79,891	\$	251,569

See notes to financial statements.

(Continued)

# LOVE HELPS, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES - Continued

Fiscal Year Ended June 30, 2022										
	PROGRAM SERVICES					SUPPORTING SERVICES			TOTAL EXPENSES	
	Triple "A" Achiever	Character Education, LIVE!	Leading by Reading	Tools for Schools	Total Program Services	Management and General	Fundraising	Total Supporting Services		
Wages and benefits	\$ 50,217	\$ 14,862	\$ 35,124	\$ 13,062	\$ 113,265	\$ 14,862	\$ 20,493	\$ 35,355	\$	148,620
Payroll taxes	3,075	918	2,249	780	7,022	918	1,239	2,157		9,179
Information technology	1,435	1,455	1,435	1,415	5,740	2,245	1,497	3,742		9,482
Rent	2,000	2,000	2,000	2,000	8,000	2,000	2,000	4,000		12,000
Transportation	633	0	632	101	1,366	698	90	788		2,154
Telephone, postage, and shipping	714	714	714	714	2,856	1,471	714	2,185		5,041
Supplies	498	136	533	252	1,419	672	136	808		2,227
Printing and publications	5,615	50	100	605	6,370	345	612	957		7,327
Depreciation	384	384	384	384	1,536	385	384	769		2,305
Insurance	346	346	346	346	1,384	1,932	393	2,325		3,709
Dues and fees	0	0	0	0	0	8,949	12,054	21,003		21,003
Other miscellaneous expenses	2,170	0	411	0	2,581	347	0	347		2,928
Direct benefits to donors	0	0	0	0	0	0	112,278	112,278		112,278
TOTAL EXPENSES	67,087	20,865	43,928	19,659	151,539	34,824	151,890	186,714		338,253
Expenses netted with revenues:										
Less - Special events costs	0	0	0	0	0	0	(112,278)	(112,278)		(112,278)
TOTAL EXPENSES ON STATEMENT OF ACTIVITIES	\$ 67,087	\$ 20,865	\$ 43,928	\$ 19,659	\$ 151,539	\$ 34,824	\$ 39,612	\$ 74,436	\$	225,975

See notes to financial statements.



# LOVE HELPS, INC.

## STATEMENTS OF CASH FLOWS

	<b>Fiscal Year Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Contributions received	\$ 61,052	\$ 82,491
Net proceeds from special events	218,545	192,171
Salaries, wages, and employee benefits paid	(170,363)	(157,799)
Cash paid to suppliers, consultants, and others	<u>(77,769)</u>	<u>(66,062)</u>
Net Cash Provided by Operating Activities	<u>31,465</u>	<u>50,801</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (purchase) of property and equipment	<u>0</u>	<u>(1,800)</u>
Net Cash Provided by (Used in) Investing Activities	<u>0</u>	<u>(1,800)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>0</u>	<u>0</u>
<b>NET INCREASE IN CASH</b>	\$ 31,465	\$ 49,001
Cash at Beginning of Fiscal Year	<u>299,680</u>	<u>250,679</u>
<b>CASH AT END OF FISCAL YEAR</b>	<u><u>\$ 331,145</u></u>	<u><u>\$ 299,680</u></u>

See notes to financial statements.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

### NOTE A -- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

**Nature of Activities:** Love Helps, Inc. (the "Organization") is a not-for-profit Tennessee corporation organized and incorporated in 1995. The Company was established for the purpose of helping underprivileged children. The mission of Love Helps, Inc. is to educate and affirm children toward responsible behavior through positive character development using diverse programs networked with the community and administered in love. The Organization primarily operates in Nashville, Tennessee area public schools.

**Program Services:** The major program services conducted by the Organization are as follows:

- **Triple "A" Achiever Awards:** The Organization coordinates encouragement of elementary students in the areas of academics, attendance, and attitude.
- **Character Education, LIVE!:** The Organization conducts in-class, teaching sessions for students in 1<sup>st</sup> through 12<sup>th</sup> grades.
- **Leading by Reading:** The Organization organizes volunteering for reading to kindergarten students each week.
- **Tools for Schools:** The Organization provides unique, low-cost products to help teachers and school staff easily encourage and discipline students.

**Basis of Accounting:** The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") using the accrual method of accounting.

**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, liabilities, support, revenues and expenses, and the disclosure of contingent assets and liabilities. Significant estimates used by management in preparing these financial statements principally include those assumed in establishing the estimated useful lives of property and equipment, for purposes of calculating depreciation and amortization. Actual results could differ from the significant estimates used by management and such differences could be material.

**Financial Statement Presentation:** The Organization reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions. Net assets available for use in general operations and not subject to donor restrictions are classified as "Net Assets without Donor Restrictions". This net asset category includes net assets designated by the Organization's Board of Directors for specific purposes, if any. Net assets subject to donor-imposed restrictions are classified as "Net Assets with Donor Restrictions". The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. Other donor-restricted contributions, if any, are reported as increases to net assets with donor restrictions. The Organization uses the July 1 through June 30 fiscal year as its annual reporting period.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

**Subsequent Events:** In preparing the accompanying financial statements, management has evaluated subsequent events through September 14, 2023, which represents the date the financial statements were available to be issued.

**Cash:** Cash consists of amounts on deposit in one commercial bank, adjusted for outstanding checks and other un-cleared items as of the reporting date. The Federal Deposit Insurance Corporation ("FDIC") insures the total amount deposited by each customer in a participating financial institution up to its maximum limit of \$250,000. From time to time, the Organization's cash balances on deposit in a single bank may exceed the FDIC insurance limit.

**Receivables and Allowance for Uncollectible Amounts:** Receivables are recorded for a donor's unconditional promise to give and any amounts due from various parties in conjunction with financial transactions. An allowance is provided when necessary to recognize potentially uncollectible receivables. Amounts deemed worthless by management are written off. Recognition of an allowance for uncollectible receivables was considered unnecessary by management at June 30, 2023 and 2022.

**Property and Equipment:** Additions to property and equipment are initially recorded at cost if purchased or at estimated fair value if contributed. Depreciation and amortization expense is calculated using the straight-line method over the estimated service lives of the assets, principally three to seven years. Significant additions and improvements are capitalized. Normal repairs and maintenance are charged to expense as incurred. Property and equipment is reported net of accumulated depreciation in the accompanying Statements of Financial Position.

**Recognition of Contribution Support and Promises to Give:** A donor's promise to give is recognized as support if the donor communicates an unconditional promise to give to the Organization. Conditional promises to give (those with a measurable performance obligation or other barrier and a right of return) are not recognized as support until the donor's conditions are substantially met. Contributions that are restricted by the donor (e.g., as to passage of time or specific purpose), are reported as increases in net assets with donor restrictions. Upon satisfaction or expiration of a donor restriction, the applicable amounts are reclassified to net assets without donor restrictions.

Unconditional contributions are generally recorded at fair value on the date received. The fair value of a donor's unconditional promise to give within the next twelve months is deemed to be equal to the net settlement value of the amount to be received. The fair value of a donor's unconditional promise to give after twelve months is deemed to be equal to the estimated present value of the amount to be received, discounted using a risk-free interest rate such as the rate available on zero-coupon U.S. government bonds issued with similar maturities. There were no promises to give outstanding at June 30, 2023 and 2022.

Special event revenue is recognized when the event takes place and is comprised of the fair value of direct benefits to donors and contribution income for the excess received. Other revenue is recognized when the performance obligation of providing services is met. (Refer to Note D for additional information about the Organization's recognition of conditional contributions and promises to give.)

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

**Contributed Nonfinancial Assets (Donated Services and Gifts-In-Kind):** In accordance with U.S. GAAP, donated services are recognized as support (along with a corresponding asset or expense) when such services create or enhance a nonfinancial asset (e.g., property or equipment), or such services require specialized skills that would typically be purchased by the Organization if they had not been donated. No such services were recognized in the 2023 or 2022 financial statements. However, the Organization acknowledges that many individuals routinely volunteer their time and efforts to perform a variety of beneficial tasks that greatly assist the Organization to conduct its programs.

During the fiscal years ended June 30, 2023 and 2022, the Organization received the following contributed nonfinancial assets:

	June 30	
	2023	2022
Promotional items and giveaways	\$ 8,171	\$ 2,364
Discounts on items received	4,040	4,345
Office supplies	1,570	0
Books	0	204
<b>TOTAL CONTRIBUTED NONFINANCIAL ASSETS</b>	<b>\$ 13,781</b>	<b>\$ 6,913</b>

The contributed nonfinancial assets do not have donor-imposed restrictions. However, these items are typically utilized in conjunction with the Organization's fundraising events. Promotional items and giveaways and discounts on items received were all utilized for this purpose in the respective year. Office supplies received are utilized for general and administrative purposes. Books received are utilized as part of the Organization's Leading by Reading program. The fair value of all contributed nonfinancial assets was determined based on the market price for similar items.

**Functional Allocation of Expenses:** The costs of program and supporting service activities have been summarized on a functional basis in the Statements of Activities. The Statements of Functional Expenses present the natural classification detail of expenses by function. Expenses that are attributable to only one function are directly allocated in the Statements of Functional Expenses. However, certain categories of expenses are attributed to more than one program or supporting function. These expenses require allocation on a reasonable basis that is consistently applied. Rent and depreciation expense are allocated based on estimated usage of the Organization's facilities. Wages, benefits, and payroll taxes have been allocated based on estimates of time and effort.

**Income Taxes:** On June 26, 1995, the Internal Revenue Service ("IRS") issued a determination letter, which recognizes the Organization as a "publicly-supported organization" (i.e. public charity) and granted it provisional exemption from federal income taxes under Internal Revenue Code Section 501(c)(3) through June 30, 1999. Subsequent to this date, management determined that the Organization had achieved compliance with the prescribed "public support" test during the advance ruling period and that it has continued to operate in compliance with the prescribed rules thereafter. Accordingly, management is not aware of the occurrence of any event or activity that might adversely affect the Organization's tax-exempt status or its classification as a public charity. In addition to the exemption from federal income taxes, the Organization is generally exempt from state franchise and excise taxes that are applicable to "for-profit" corporations.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

In accordance with U.S. GAAP, management evaluates the Organization's federal and state regulatory filing positions to identify uncertain tax positions for consideration of whether to record an accrued liability or disclose a potential liability. Management has not identified any material uncertain tax positions that require financial statement recognition as of June 30, 2023 or 2022. The Organization's federal and state regulatory filings are subject to examination by the applicable taxing or regulatory authority generally for a period of three years after a return is filed. As of June 30, 2023, management considers the Organization's open tax years to include the returns filed for the fiscal years ended June 30, 2020, 2021, and 2022, as well as the regulatory returns that will be filed for 2023.

### NOTE B -- AVAILABLE RESOURCES AND LIQUIDITY

At the end of each fiscal year, the net financial assets available for general expenditures within the next fiscal year are as follows:

	June 30	
	2023	2022
Current financial assets	\$ 339,105	\$ 307,940
Current financial liabilities	<u>9,093</u>	<u>6,038</u>
Net financial assets	<u>\$ 330,012</u>	<u>\$ 301,902</u>

The Organization believes that maintaining its available cash resources in banking accounts that are FDIC-insured allows it to be conservatively positioned to meet operational needs. In addition, based on historical giving trends and on-going fund-raising efforts, the Organization anticipates collecting sufficient support and revenue to continue to fund current operations.

### NOTE C -- PROPERTY AND EQUIPMENT

The components of property and equipment are summarized as follows at June 30:

	2023	2022
Furniture and equipment	\$ 38,216	\$ 38,216
Website	<u>2,970</u>	<u>2,970</u>
	41,186	41,186
Less: Accumulated depreciation	<u>(38,440)</u>	<u>(36,749)</u>
TOTAL PROPERTY AND EQUIPMENT, net	<u>\$ 2,746</u>	<u>\$ 4,437</u>

Depreciation expense totaled \$1,691 and \$2,305 for the fiscal years ended June 30, 2023 and 2022, respectively.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

### NOTE D -- SPECIAL EVENTS REVENUE

The Organization conducted certain fund-raising events during the fiscal years ended June 30, 2023 and 2022. Special events revenue, before expenses, is summarized as follows for the fiscal years ended June 30:

	<u>2023</u>	<u>2022</u>
<u>Special Event:</u>		
Golf tournament	\$ 229,863	\$ 211,854
Holiday luncheon	37,651	45,883
PowerLunch golf challenge	<u>78,201</u>	<u>77,305</u>
GROSS SPECIAL EVENTS REVENUE, before expenses	<u>\$ 345,715</u>	<u>\$ 335,042</u>

During the fiscal year ended June 30, 2023, the Organization received cash of \$8,500, representing registration and sponsorship for fund-raising events scheduled to be held subsequent to the fiscal year end. In accordance with U.S. GAAP, these cash receipts are reported in the accompanying 2023 Statement of Financial Position as a current liability for refundable advances.

### NOTE E -- RELATED PARTY TRANSACTIONS

The Organization was founded by Dean Baker and Cindy Baker, who serve as the Organization's Executive Director and Assistant Program Director/Secretary, respectively. Mr. and Mrs. Baker are the only employees of the Organization and perform the day-to-day duties, subject to monthly oversight from the Executive Committee of the Board of Directors. During the fiscal years ended June 30, 2023 and 2022, no other individual was paid compensation.

### NOTE G -- COMMITMENTS AND CONCENTRATIONS

**Building Lease:** The prior building lease agreement expired effective December 31, 2021. The Organization continued to make rent payments of \$1,000 per month under a temporary month-to-month arrangement through July 31, 2022, while the terms and conditions of a new lease agreement were being negotiated.

Effective August 1, 2022, a new 10 year lease agreement with similar terms to the prior lease was executed. These terms include rent payments of \$1,000 per month plus utilities. In addition, the Organization has a renewal option to continue the lease at the end of the 10 year term subject to the same rent, terms, and conditions of the existing lease. Upon thirty-day notification, either the Organization or the Landlord may terminate the current lease and the Organization shall have 12 months from the date of termination to vacate the premises. The lease commitment is \$12,000 for each 12 month lease period and ends on July 30, 2032. As a result of the ability for each party to terminate the lease agreement at any time, the Organization determined that it was not necessary to adopt certain accounting guidance under ASC Topic 842 – *Leases* and recognize a right-of-use asset and lease liability. Accordingly, this lease commitment is expensed as incurred each year and not recognized as an asset and liability.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2023 and 2022

**Commitments for Special Events:** In January 2023, the Organization entered into a contract with the hosting facility for the annual PowerLunch golf challenge for a total cost of \$27,584, of which the Organization deposited \$2,500 upon execution of the agreement. The event is scheduled to occur in October 2023, when the remaining balance will be due. In February 2023, the Organization entered into a contract with the hosting facility for the annual Holiday Luncheon for a total cost of \$3,400, of which the Organization deposited \$1,700 upon execution of the agreement. The event is scheduled to occur in December 2023, when the remaining balance will be due.

**Concentrations:** Each of the special events described in Note D represent a significant concentration within the Organization's total support and revenues.