

# **LOVE HELPS, INC.**

AUDITED FINANCIAL STATEMENTS

June 30, 2022 and 2021



# 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, 2022 and 2021, 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, 2022 and 2021, 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.

### **Emphasis of Matter**

As described in Note A to the financial statements, during the fiscal year ended June 30, 2022, Love Helps, Inc. adopted new accounting guidance related to presentation and disclosures by not-for-profit entities for contributed nonfinancial assets. Our opinion is not modified with respect to this matter.

### **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 26, 2022

# LOVE HELPS, INC.

## STATEMENTS OF FINANCIAL POSITION

|   | June 30           |                   |
|---|-------------------|-------------------|
|   | 2022              | 2021              |
| <b>ASSETS</b>                           |                   |                   |
| Current Assets                          |                   |                   |
| Cash                                    | \$ 299,680        | \$ 250,679        |
| Prepaid expenses                        | 8,260             | 9,546             |
| Total Current Assets                    | 307,940           | 260,225           |
| Property and equipment, net             | 4,437             | 4,942             |
| <b>TOTAL ASSETS</b>                     | <b>\$ 312,377</b> | <b>\$ 265,167</b> |
| <b>LIABILITIES AND NET ASSETS</b>       |                   |                   |
| Current Liabilities                     |                   |                   |
| Accounts payable                        | \$ 6,038          | \$ 812            |
| Refundable advances                     | 0                 | 37,500            |
| Total Current Liabilities               | 6,038             | 38,312            |
| Net Assets                              |                   |                   |
| Without donor restrictions              | 306,339           | 226,855           |
| Total Net Assets                        | 306,339           | 226,855           |
| <b>TOTAL LIABILITIES AND NET ASSETS</b> | <b>\$ 312,377</b> | <b>\$ 265,167</b> |

See notes to financial statements.

# LOVE HELPS, INC.

## STATEMENTS OF ACTIVITIES

|  | Fiscal Year Ended June 30 |                       |
|--|---------------------------|-----------------------|
|  | 2022                      | 2021                  |
| <b>SUPPORT AND REVENUES</b>            |                           |                       |
| Contributions                          |                           |                       |
| Cash                                   | \$ 82,491                 | \$ 103,455            |
| Nonfinancial assets                    | 204                       | 0                     |
| Total Contributions                    | 82,695                    | 103,455               |
| Special Events Revenue                 |                           |                       |
| Cash                                   | 328,333                   | 412,941               |
| Nonfinancial assets                    | 6,709                     | 29,675                |
| Less: direct benefits to donors        | (112,278)                 | (149,433)             |
| Net Special Events Revenue             | 222,764                   | 293,183               |
| <br>TOTAL SUPPORT AND REVENUES         | <br>305,459               | <br>396,638           |
| <b>EXPENSES</b>                        |                           |                       |
| Program Services                       | 151,539                   | 141,325               |
| Supporting Services                    |                           |                       |
| Management and general                 | 34,824                    | 34,226                |
| Fund-raising                           | 39,612                    | 39,269                |
| Total Supporting Services              | 74,436                    | 73,495                |
| <br>TOTAL EXPENSES                     | <br>225,975               | <br>214,820           |
| <b>NET INCREASE IN NET ASSETS</b>      | <b>\$ 79,484</b>          | <b>\$ 181,818</b>     |
| Net assets at beginning of fiscal year | 226,855                   | 45,037                |
| <br>NET ASSETS AT END OF FISCAL YEAR   | <br><u>\$ 306,339</u>     | <br><u>\$ 226,855</u> |

See notes to financial statements.

# LOVE HELPS, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES

|  | Fiscal Year Ended June 30, 2022 |                                  |                          |                      |                              |                              |             |                                 |                   |  |
|--|---------------------------------|----------------------------------|--------------------------|----------------------|------------------------------|------------------------------|-------------|---------------------------------|-------------------|--|
|  | PROGRAM SERVICES                |                                  |                          |                      |                              | SUPPORTING SERVICES          |             |                                 |                   |  |
|  | Triple "A"<br>Achiever          | Character<br>Education,<br>LIVE! | Leading<br>by<br>Reading | Tools for<br>Schools | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising | Total<br>Supporting<br>Services | TOTAL<br>EXPENSES |  |
| 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<br>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.

(Continued)

# LOVE HELPS, INC.

## STATEMENTS OF FUNCTIONAL EXPENSES - Continued

|  | Fiscal Year Ended June 30, 2021 |                                  |                          |                      |                              |                              |                  |                                 |                   |
|--|---------------------------------|----------------------------------|--------------------------|----------------------|------------------------------|------------------------------|------------------|---------------------------------|-------------------|
|  | PROGRAM SERVICES                |                                  |                          |                      |                              | SUPPORTING SERVICES          |                  |                                 |                   |
|  | Triple "A"<br>Achiever          | Character<br>Education,<br>LIVE! | Leading<br>by<br>Reading | Tools for<br>Schools | Total<br>Program<br>Services | Management<br>and<br>General | Fundraising      | Total<br>Supporting<br>Services | TOTAL<br>EXPENSES |
| Wages and benefits                           | \$ 49,508                       | \$ 14,659                        | \$ 34,719                | \$ 12,859            | \$ 111,745                   | \$ 14,657                    | \$ 20,189        | \$ 34,846                       | \$ 146,591        |
| Payroll taxes                                | 3,075                           | 918                              | 2,249                    | 780                  | 7,022                        | 918                          | 1,239            | 2,157                           | 9,179             |
| Information technology                       | 1,200                           | 1,220                            | 1,200                    | 1,180                | 4,800                        | 2,588                        | 1,230            | 3,818                           | 8,618             |
| Rent   | 2,000                           | 2,000                            | 2,000                    | 2,000                | 8,000                        | 2,000                        | 2,000            | 4,000                           | 12,000            |
| Transportation                               | 138                             | 0                                | 153                      | 0                    | 291                          | 645                          | 181              | 826                             | 1,117             |
| Telephone, postage, and shipping             | 728                             | 728                              | 728                      | 728                  | 2,912                        | 1,511                        | 803              | 2,314                           | 5,226             |
| Supplies                                     | 367                             | 118                              | 285                      | 118                  | 888                          | 2,357                        | 357              | 2,714                           | 3,602             |
| Printing and publications                    | 1,526                           | 60                               | 60                       | 60                   | 1,706                        | 140                          | 60               | 200                             | 1,906             |
| Depreciation                                 | 479                             | 479                              | 479                      | 479                  | 1,916                        | 479                          | 479              | 958                             | 2,874             |
| Insurance                                    | 334                             | 334                              | 334                      | 334                  | 1,336                        | 1,846                        | 334              | 2,180                           | 3,516             |
| Dues and fees                                | 0                               | 0                                | 0                        | 0                    | 0                            | 6,818                        | 12,091           | 18,909                          | 18,909            |
| Other miscellaneous expenses                 | 323                             | 129                              | 129                      | 128                  | 709                          | 267                          | 306              | 573                             | 1,282             |
| Direct benefits to donors                    | 0                               | 0                                | 0                        | 0                    | 0                            | 0                            | 149,433          | 149,433                         | 149,433           |
| TOTAL EXPENSES                               | 59,678                          | 20,645                           | 42,336                   | 18,666               | 141,325                      | 34,226                       | 188,702          | 222,928                         | 364,253           |
| Expenses netted with revenues:               |                                 |                                  |                          |                      |                              |                              |                  |                                 |                   |
| Less - Special events costs                  | 0                               | 0                                | 0                        | 0                    | 0                            | 0                            | (149,433)        | (149,433)                       | (149,433)         |
| TOTAL EXPENSES ON<br>STATEMENT OF ACTIVITIES | <u>\$ 59,678</u>                | <u>\$ 20,645</u>                 | <u>\$ 42,336</u>         | <u>\$ 18,666</u>     | <u>\$ 141,325</u>            | <u>\$ 34,226</u>             | <u>\$ 39,269</u> | <u>\$ 73,495</u>                | <u>\$ 214,820</u> |

See notes to financial statements.

# LOVE HELPS, INC.

## STATEMENTS OF CASH FLOWS

|   | <b>Fiscal Year Ended June 30</b> |                          |
|---|----------------------------------|--------------------------|
|   | <b>2022</b>                      | <b>2021</b>              |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |                                  |                          |
| Contributions received                              | \$ 82,491                        | \$ 128,455               |
| Net proceeds from special events                    | 192,171                          | 137,433                  |
| Salaries, wages, and employee benefits paid         | (157,799)                        | (155,770)                |
| Cash paid to suppliers, consultants, and others     | <u>(66,062)</u>                  | <u>(61,908)</u>          |
| Net Cash Provided by Operating Activities           | <u>50,801</u>                    | <u>48,210</u>            |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |                                  |                          |
| Sale (purchase) of property and equipment           | <u>(1,800)</u>                   | <u>198</u>               |
| Net Cash Provided by (Used in) Investing Activities | <u>(1,800)</u>                   | <u>198</u>               |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>         | <u>0</u>                         | <u>0</u>                 |
| <b>NET INCREASE IN CASH</b>                         | \$ 49,001                        | \$ 48,408                |
| Cash at Beginning of Fiscal Year                    | <u>250,679</u>                   | <u>202,271</u>           |
| <b>CASH AT END OF FISCAL YEAR</b>                   | <u><u>\$ 299,680</u></u>         | <u><u>\$ 250,679</u></u> |

See notes to financial statements.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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.

**Change in Accounting Principle:** In September 2020, FASB issued Accounting Standards Update 2020-07 ("ASU 2020-07"), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets, including services, as a separate line item in the Statement of Activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the types of assets received. This distinction is intended to increase transparency of contributions recognized and is effective for fiscal years beginning after June 15, 2021 and is required to be applied retrospectively to all periods presented. The Organization adopted this guidance effective July 1, 2021. Such adoption did not affect the Organization's net assets, net increase in net assets, or cash flows for the fiscal years ended June 30, 2022 or 2021.

In connection with adopting ASU 2020-07, certain prior year amounts in the 2021 Statement of Activities have been reclassified to conform to the 2022 presentation.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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.

**Subsequent Events:** In preparing the accompanying financial statements, management has evaluated subsequent events through September 26, 2022, 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, 2022 and 2021.

**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.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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, 2022 and 2021.

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.)

**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 2022 or 2021 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, 2022 and 2021, the Organization received the following contributed nonfinancial assets:

|  | June 30         |                  |
|--|-----------------|------------------|
|  | 2022            | 2021             |
| Promotional items and giveaways              | \$ 2,364        | \$ 16,095        |
| Discounts on items received                  | 4,345           | 6,480            |
| Books  | 204             | 0                |
| Silent auction items                         | 0               | 6,340            |
| <b>TOTAL CONTRIBUTED NONFINANCIAL ASSETS</b> | <b>\$ 6,913</b> | <b>\$ 28,915</b> |

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

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. Silent auction items received in the fiscal year ending June 30, 2021, were monetized as part of the silent auction in that year, with the exception of \$760 of items that remain on hand as of June 30, 2022. 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.

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, 2022 or 2021. 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, 2022, management considers the Organization's open tax years to include the returns filed for the fiscal years ended June 30, 2019, 2020, and 2021, as well as the regulatory returns that will be filed for 2022.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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:

|                               | <u>June 30</u>    |                   |
|-------------------------------|-------------------|-------------------|
|                               | <u>2022</u>       | <u>2021</u>       |
| Current financial assets      | \$ 307,940        | \$ 260,225        |
| Current financial liabilities | <u>6,038</u>      | <u>38,312</u>     |
| Net financial assets          | <u>\$ 301,902</u> | <u>\$ 221,913</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.

Beginning in March 2020, the United States of America experienced an unprecedented social and economic upheaval caused by the Coronavirus (COVID-19) pandemic and the declaration of a national emergency by federal authorities. The initial impact and ongoing effects of this pandemic in the U.S. resulted in global economic decline and disruption of financial markets. Management believes these conditions were temporary, and considering the Organization's financial position as of June 30, 2022, does not foresee any significant potential for disruption in its ability to continue operations and discharge liabilities as they become due and payable.

### NOTE C -- PROPERTY AND EQUIPMENT

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

|                                   | <u>2022</u>     | <u>2021</u>     |
|-----------------------------------|-----------------|-----------------|
| Furniture and equipment           | \$ 38,216       | \$ 36,416       |
| Website                           | <u>2,970</u>    | <u>2,970</u>    |
|                                   | 41,186          | 39,386          |
| Less: Accumulated depreciation    | <u>(36,749)</u> | <u>(34,444)</u> |
| TOTAL PROPERTY AND EQUIPMENT, net | <u>\$ 4,437</u> | <u>\$ 4,942</u> |

Depreciation expense totaled \$2,305 and \$2,874 for the fiscal years ended June 30, 2022 and 2021, respectively.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

### NOTE D -- SPECIAL EVENTS REVENUE

The Organization conducted certain fund-raising events during the fiscal years ended June 30, 2022 and 2021. Special events revenue, before expenses, is summarized as follows for the fiscal years ended June 30:

|   | <u>2022</u>       | <u>2021</u>       |
|---|-------------------|-------------------|
| <u>Special Event:</u>                         |                   |                   |
| Golf tournament                               | \$ 211,854        | \$ 351,665        |
| Holiday luncheon                              | 45,883            | 0                 |
| Silent auction                                | 0                 | 10,051            |
| PowerLunch golf challenge                     | <u>77,305</u>     | <u>80,900</u>     |
| GROSS SPECIAL EVENTS REVENUE, before expenses | <u>\$ 335,042</u> | <u>\$ 442,616</u> |

During the fiscal year ended June 30, 2021, the Organization received cash of \$12,500, 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 2021 Statement of Financial Position as a current liability for refundable advances. Due to the COVID-19 pandemic, the 2020 golf tournament was postponed until the 2021 fiscal year. As a result, revenue and expenses from two golf tournaments are reflected in the June 30, 2021 Statement of Activities.

### 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, 2022 and 2021, no other individual was paid compensation.

# LOVE HELPS, INC.

## NOTES TO FINANCIAL STATEMENTS

June 30, 2022 and 2021

### NOTE F -- LOAN PROCEEDS RECEIVED UNDER THE PAYCHECK PROTECTION PROGRAM

In March 2021, the Organization received loan proceeds from Truist Bank in the amount of \$25,000 under the Paycheck Protection Program ("PPP") established by the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The loan may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over 24 months beginning 6 months from the dates of the notes. The loan may be repaid at any time with no prepayment penalty. However, in accordance with the AICPA's Technical Question and Answer 3200.18, a not-for-profit organization may account for a PPP loan as a conditional contribution, with the amount reported as a liability until conditions of release have been substantially met or explicitly waived. Therefore, the PPP loan proceeds received were initially recognized as a component of "Refundable advances" in the Statement of Financial Position as of June 30, 2021. Management determined that the Organization met the guidelines for forgiveness thereafter and received notification that the loan was forgiven in full, effective October 21, 2021. These proceeds are reflected as a component of Contributions in the Statement of Activities for the fiscal year ended June 30, 2022.

### NOTE G -- COMMITMENTS AND CONCENTRATIONS

**Building Lease:** The 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 lease agreement with similar terms of \$1,000 per month plus utilities was executed.

**Commitments for Special Events:** In December 2021, the Organization entered into a contract with the hosting facility for the annual PowerLunch golf challenge for a total cost of \$28,600, of which the Organization deposited \$2,500 upon execution of the agreement. The event is scheduled to occur in October 2022, when the remaining balance will be due.

**Concentrations:** As described in Note D, the Organization received special events revenue of \$211,854 and \$351,665 from the golf tournament, \$45,883 and \$0 from the holiday luncheon, and \$77,305 and \$80,900 from the PowerLunch golf challenge during the fiscal years ended June 30, 2022 and 2021, respectively. As a result, each of these special events is deemed to represent a significant concentration within the Organization's total support and revenues.