LOVE HELPS, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2018

LOVE HELPS, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **Love Helps, Inc.** (a not-for-profit corporation) which are comprised of the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the fiscal year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. Management is also responsible 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

INDEPENDENT AUDITOR'S REPORT

Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Love Helps, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the financial statements, during the fiscal year ended June 30, 2018, Love Helps, Inc. adopted new accounting guidance related to presentation of financial statements for not-for-profit entities. Our opinion is not modified with respect to this matter.

Faulkner Mackie & Cochran, P.C.

October 9, 2018

LOVE HELPS, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS

Current Assets		
Cash	$	149,744
Promises to give		1,500
Prepaid expenses		11,756
Total Current Assets		163,000
Property and equipment, net		9,040
Other assets		194
TOTAL ASSETS	$	172,234

LIABILITIES AND NET ASSETS

Current Liabilities		
Wages and benefits payable	$	8,881
Accounts payable		1,059
Refundable advances		12,400
Total Current Liabilities		22,340
Net Assets		
Without donor restrictions		144,694
With donor restrictions		5,200
Total Net Assets		149,894
TOTAL LIABILITIES AND NET ASSETS	$	172,234

See notes to financial statements.

LOVE HELPS, INC.

STATEMENT OF ACTIVITIES

For the Fiscal Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Contributions	$ 63,942	$ 5,200	$ 69,142
Gross special events revenue	235,338	0	235,338
Less: direct benefits to donors	(87,451)	0	(87,451)
Net special events revenue	147,887	0	147,887
Net assets released from donor restrictions	2,000	(2,000)	0
TOTAL SUPPORT AND REVENUES	213,829	3,200	217,029
EXPENSES			
Program Services	121,603	0	121,603
Supporting Services			
Management and general	26,164	0	26,164
Fund-raising	18,702	0	18,702
Total Supporting Services	44,866	0	44,866
TOTAL EXPENSES	166,469	0	166,469
NET INCREASE IN NET ASSETS	$ 47,360	$ 3,200	$ 50,560
Net Assets at June 30, 2017	97,334	2,000	99,334
NET ASSETS AT JUNE 30, 2018	$ 144,694	$ 5,200	$ 149,894

See notes to financial statements.

LOVE HELPS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Fiscal Year Ended June 30, 2018

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Triple "A" Achiever	Character Education, LIVE!	Leading by Reading	Tools for Schools	Total Program Services	Management and General	Fund-raising	Total Supporting Services	TOTAL EXPENSES
Wages and benefits	$ 45,073	$ 13,034	$ 26,617	$ 1,850	$ 86,574	$ 10,822	$ 10,822	$ 21,644	$ 108,218
Payroll taxes	3,177	381	1,719	55	5,332	667	667	1,334	6,666
Information technology	808	808	808	88	2,512	2,230	1,240	3,470	5,982
Rent	2,400	2,400	2,400	0	7,200	2,400	2,400	4,800	12,000
Transportation	1,136	56	747	0	1,939	1,035	181	1,216	3,155
Telephone, postage, and shipping	816	816	816	0	2,448	1,704	976	2,680	5,128
Supplies	1,053	101	520	0	1,674	1,787	127	1,914	3,588
Printing and publications	4,062	189	92	246	4,589	366	624	990	5,579
Depreciation	506	506	601	0	1,613	506	506	1,012	2,625
Insurance	349	349	349	349	1,396	1,790	47	1,837	3,233
Dues and fees	0	0	0	0	0	1,271	692	1,963	1,963
Other miscellaneous expenses	3,684	2,132	487	23	6,326	1,586	420	2,006	8,332
Direct benefits to donors	0	0	0	0	0	0	87,451	87,451	87,451
TOTAL EXPENSES	63,064	20,772	35,156	2,611	121,603	26,164	106,153	132,317	253,920
Less expenses netted with revenues:									
Special events costs	0	0	0	0	0	0	(87,451)	(87,451)	(87,451)
TOTAL EXPENSES ON STATEMENT OF ACTIVITIES	$ 63,064	$ 20,772	$ 35,156	$ 2,611	$ 121,603	$ 26,164	$ 18,702	$ 44,866	$ 166,469

See notes to financial statements.

LOVE HELPS, INC.

STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	$	69,142
Net proceeds from special events		160,287
Salaries, wages, and employee benefits paid		(113,431)
Cash paid to suppliers, consultants, and others		(58,604)
Net Cash Provided by Operating Activities		57,394
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment		(7,627)
Net Cash Used in Investing Activities		(7,627)
CASH FLOWS FROM FINANCING ACTIVITIES		0
NET INCREASE IN CASH	$	49,767
Cash at Beginning of Fiscal Year		99,977
CASH AT END OF FISCAL YEAR	$	149,744

Supplemental disclosure of non-cash transactions:
During the fiscal year ended June 30, 2018, the Organization received gift-in-kind contributions consisting of various goods that were utilized by the Organization and expensed in its operations during the fiscal year. The estimated fair value of gift-in-kind contributions recognized totaled $16,531.

See notes to financial statements.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE A -- NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities: Love Helps, Inc. (the "Organization") is a non-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 Award: 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 1st through 12th 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 August 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, ("ASU No. 2016-14"). The guidance in ASU No. 2016-14 provides for: 1) reducing the complexity in reporting of donor-imposed restrictions from three classes of net assets to two (with and without donor restrictions); 2) requiring both qualitative and quantitative disclosures regarding an organization's liquidity and availability of assets to meet cash needs for general expenditures within one year of the balance sheet date; 3) requiring presentation of expenses by both function and nature in one place in the financial statements, including a description of the method used to allocate costs; 4) reporting investment return net of external and direct internal investment expenses, removing the requirement to disclose the gross investment income and expense; and 5) allowing the presentation of cash flows from operations using a direct method without an accompanying indirect method reconciliation. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017 and is required to be applied retrospectively to all periods presented. As permitted by ASU 2016-14, the Organization elected early adoption of this new guidance. Such adoption did not affect the Organization's net assets, net increase in net assets, or cash flows for the fiscal year ended June 30, 2018.

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: (1) the collectability of donors' unconditional promises to give, and (2) 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 October 9, 2018, 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. At June 30, 2018, the Organization had no commercial bank deposits that exceeded the FDIC's insurance limit.

Receivables and Allowance for Uncollectible Amounts: Receivables are recorded for a donor's 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, 2018.

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 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 Statement of Financial Position.

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 are not recognized as support until the donor's conditions are substantially met. (Refer to Note E for additional information.) 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.

Contributions are 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. At June 30, 2018, the Organization had received notification that a contribution of $1,500 from one donor was in transit. This contribution has been classified as a promise to give without donor restrictions in the Statement of Financial Position and was received in July 2018.

Donated Services: 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 non-financial 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 2018 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.

Functional Allocation of Expenses: The costs of program and supporting service activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification detail of expenses by function. Expenses that are attributable to only one function are directly allocated in the Statement 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. Occupancy and depreciation expense are allocated based on estimated usage of the Organization's facilities. Salaries, wages, 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, 2018. 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, 2018, management considers the Organization's open tax years to include the returns filed for the fiscal years ended June 30, 2015, 2016, and 2017, as well as the regulatory returns that will be filed for 2018.

NOTE B -- LIQUIDITY AND AVAILABILE RESOURCES

At June 30, 2018, the net financial assets available for general expenditures within the next fiscal year are as follows:

Current financial assets	$	163,000
Current financial liabilities		22,340
Net financial assets	$	140,660

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 on-going fund-raising efforts and giving trends, 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, 2018:

Furniture and equipment	$	33,842
Website (work in progress)		1,500
		35,342
Less: Accumulated depreciation		(26,302)
TOTAL PROPERTY AND EQUIPMENT, net	$	9,040

Total depreciation expense was $2,625 for the fiscal year ended June 30, 2018.

NOTE D -- NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2018, the Organization reported $5,200 of net assets with donor restrictions for a specified purpose. The restricted funds are designated for use in the Organization's "Tools for Schools" program.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

NOTE E -- SPECIAL EVENT REVENUE

The Organization conducted certain fund-raising events during the fiscal year ended June 30, 2018. Special event revenue, before expenses, is summarized as follows for the fiscal year ended June 30, 2018:

Special Event:	
Golf tournament	$ 176,958
Holiday luncheon	53,130
Kickball tournament	5,000
Softball tournament	250
GROSS REVENUE (Before Expenses)	$ 235,338

During the fiscal year ended June 30, 2018, the Organization received cash representing registration and sponsorship for fund-raising events scheduled to be held subsequent to June 30, 2018. The receipt of these funds totaled $12,400 and is reported in the accompanying Statement of Financial Position as "Refundable advances". The Organization also received notification from five donors who communicated their intent to register for the subsequent fund-raising events. These conditional promises to give totaled $8,400, and are not recognized as of June 30, 2018.

NOTE F -- 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 year ended June 30, 2018, no other individual was paid compensation.

NOTE G -- COMMITMENTS AND CONCENTRATIONS

Building Lease: Effective January 1, 2011, the Organization entered into a ten-year lease agreement for use of a facility owned by an unrelated entity. The Organization may renew the lease, with written notice, for up to ten consecutive additional ten-year terms. However, the lease may be terminated upon thirty days written notification by either party. The lease agreement specifies rent payments of $1,000 per month during the initial term. Rent expense during the fiscal year ended June 30, 2018 totaled $12,000. The lease requires rental payments of $12,000 and $6,000 during the fiscal years ended June 30, 2019 and 2020, respectively.

Equipment Lease: Effective July 1, 2017, the organization entered into a two-year lease agreement for use of computer equipment. The lease agreement specifies monthly payments of approximately $200 during the lease term. Computer lease expense during the fiscal year ended June 30, 2018 totaled approximately $2,400.

Concentrations: As described in Note E, the Organization received special event revenue of approximately $177,000 from one golf event and approximately $53,000 from one luncheon during the fiscal year ended June 30, 2018. As a result, each of these special events is deemed to represent a significant concentration within the Organization's total support and revenues.