

LOVE HELPS, INC.

AUDITED FINANCIAL STATEMENTS

June 30, 2020 and 2019



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 statements of financial position as of June 30, 2020 and 2019, 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.

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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, 2020 and 2019, and the changes in its net assets and its cash flows for the fiscal years then ended in conformity with accounting principles generally accepted in the United States of America.

FMC CPAs, PLLC

Nashville, Tennessee
November 8, 2020

LOVE HELPS, INC.

STATEMENTS OF FINANCIAL POSITION

	June 30	
	2020	2019
ASSETS		
Current Assets		
Cash	\$ 202,271	\$ 148,511
Prepaid expenses	<u>3,674</u>	<u>12,009</u>
Total Current Assets	205,945	160,520
Property and equipment, net	8,015	8,272
Other assets	<u>0</u>	<u>97</u>
 TOTAL ASSETS	 <u>\$ 213,960</u>	 <u>\$ 168,889</u>
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 673	\$ 46
Refundable advances	<u>168,250</u>	<u>5,400</u>
Total Current Liabilities	168,923	5,446
Net Assets		
Without donor restrictions	<u>45,037</u>	<u>163,443</u>
Total Net Assets	<u>45,037</u>	<u>163,443</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 213,960</u>	 <u>\$ 168,889</u>

See notes to financial statements.

LOVE HELPS, INC.

STATEMENTS OF ACTIVITIES

	<u>Fiscal Year Ended June 30</u>	
	<u>2020</u>	<u>2019</u>
<u>WITHOUT DONOR RESTRICTIONS</u>		
SUPPORT AND REVENUES		
Contributions	\$ 67,407	\$ 64,925
Gross special events revenue	166,151	346,772
Less: direct benefits to donors	<u>(121,760)</u>	<u>(189,758)</u>
Net special events revenue	44,391	157,014
Net assets released from donor restrictions	<u>0</u>	<u>5,200</u>
TOTAL SUPPORT AND REVENUES	111,798	227,139
EXPENSES		
Program Services	158,205	145,689
Supporting Services		
Management and general	37,458	37,736
Fund-raising	<u>34,541</u>	<u>24,965</u>
Total Supporting Services	<u>71,999</u>	<u>62,701</u>
TOTAL EXPENSES	<u>230,204</u>	<u>208,390</u>
NET INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	\$ (118,406)	\$ 18,749
<u>WITH DONOR RESTRICTIONS</u>		
SUPPORT AND REVENUES		
Net assets released from donor restrictions	<u>0</u>	<u>(5,200)</u>
NET INCREASE (DECREASE) IN NET ASSETS WITH DONOR RESTRICTIONS	<u>0</u>	<u>(5,200)</u>
<u>TOTAL NET ASSETS</u>		
NET INCREASE (DECREASE) IN NET ASSETS	\$ (118,406)	\$ 13,549
Net assets at beginning of fiscal year	<u>163,443</u>	<u>149,894</u>
NET ASSETS AT END OF FISCAL YEAR	<u>\$ 45,037</u>	<u>\$ 163,443</u>

See notes to financial statements.

LOVE HELPS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

	Fiscal Year Ended June 30, 2020								
	PROGRAM SERVICES					SUPPORTING SERVICES			
	Triple "A" Achiever	Character Education, LIVE!	Leading by Reading	Tools for Schools	Total Program Services	Management and General	Fundraising	Total Supporting Services	TOTAL EXPENSES
Wages and benefits	\$ 49,717	\$ 14,815	\$ 34,835	\$ 12,914	\$ 112,281	\$ 14,714	\$ 20,174	\$ 34,888	\$ 147,169
Payroll taxes	3,075	918	2,249	780	7,022	918	1,239	2,157	9,179
Information technology	1,193	1,213	1,193	1,173	4,772	1,593	1,280	2,873	7,645
Rent	2,016	2,016	2,016	2,016	8,064	2,016	2,016	4,032	12,096
Transportation	640	106	577	6	1,329	499	114	613	1,942
Telephone, postage, and shipping	733	733	733	739	2,938	3,106	733	3,839	6,777
Supplies	451	113	2,374	1,138	4,076	1,812	239	2,051	6,127
Printing and publications	4,259	64	638	1,268	6,229	1,768	485	2,253	8,482
Depreciation	505	505	601	505	2,116	505	505	1,010	3,126
Insurance	311	311	311	311	1,244	1,805	311	2,116	3,360
Dues and fees	0	0	0	0	0	8,428	7,386	15,814	15,814
Other miscellaneous expenses	5,868	1,776	423	67	8,134	294	59	353	8,487
Direct benefits to donors	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>121,760</u>	<u>121,760</u>	<u>121,760</u>
TOTAL EXPENSES	68,768	22,570	45,950	20,917	158,205	37,458	156,301	193,759	351,964
Expenses netted with revenues:									
Less - Special events costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(121,760)</u>	<u>(121,760)</u>	<u>(121,760)</u>
TOTAL EXPENSES ON									
STATEMENT OF ACTIVITIES	<u>\$ 68,768</u>	<u>\$ 22,570</u>	<u>\$ 45,950</u>	<u>\$ 20,917</u>	<u>\$ 158,205</u>	<u>\$ 37,458</u>	<u>\$ 34,541</u>	<u>\$ 71,999</u>	<u>\$ 230,204</u>

(Continued)

See notes to financial statements.

LOVE HELPS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - Continued

	Fiscal Year Ended June 30, 2019								
	PROGRAM SERVICES					SUPPORTING SERVICES			
	Triple "A" Achiever	Character Education, LIVE!	Leading by Reading	Tools for Schools	Total Program Services	Management and General	Fundraising	Total Supporting Services	TOTAL EXPENSES
Wages and benefits	\$ 41,973	\$ 18,340	\$ 27,058	\$ 10,909	\$ 98,280	\$ 12,285	\$ 12,285	\$ 24,570	\$ 122,850
Payroll taxes	2,559	1,136	1,698	666	6,059	757	757	1,514	7,573
Information technology	1,174	1,182	1,174	1,152	4,682	1,535	1,198	2,733	7,415
Rent	2,000	2,000	2,000	2,000	8,000	2,000	2,000	4,000	12,000
Transportation	1,034	112	750	146	2,042	2,205	91	2,296	4,338
Telephone, postage, and shipping	741	741	741	598	2,821	2,907	741	3,648	6,469
Supplies	728	202	1,053	2,121	4,104	2,489	210	2,699	6,803
Printing and publications	4,941	97	97	5,163	10,298	1,839	97	1,936	12,234
Depreciation	373	373	471	373	1,590	373	373	746	2,336
Insurance	311	311	311	311	1,244	1,766	358	2,124	3,368
Dues and fees	0	0	0	0	0	8,153	6,222	14,375	14,375
Other miscellaneous expenses	4,892	1,125	368	184	6,569	1,427	633	2,060	8,629
Direct benefits to donors	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>189,758</u>	<u>189,758</u>	<u>189,758</u>
TOTAL EXPENSES	60,726	25,619	35,721	23,623	145,689	37,736	214,723	252,459	398,148
Expenses netted with revenues:									
Less - Special events costs	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(189,758)</u>	<u>(189,758)</u>	<u>(189,758)</u>
TOTAL EXPENSES ON									
STATEMENT OF ACTIVITIES	<u>\$ 60,726</u>	<u>\$ 25,619</u>	<u>\$ 35,721</u>	<u>\$ 23,623</u>	<u>\$ 145,689</u>	<u>\$ 37,736</u>	<u>\$ 24,965</u>	<u>\$ 62,701</u>	<u>\$ 208,390</u>

See notes to financial statements.

LOVE HELPS, INC.

STATEMENTS OF CASH FLOWS

	Fiscal Year Ended June 30	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions received	\$ 95,007	\$ 69,142
Net proceeds from special events	179,641	160,287
Salaries, wages, and employee benefits paid	(156,348)	(113,431)
Cash paid to suppliers, consultants, and others	<u>(62,165)</u>	<u>(58,604)</u>
Net Cash Provided by Operating Activities	<u>56,135</u>	<u>57,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (purchase) of property and equipment	<u>(2,375)</u>	<u>(7,627)</u>
Net Cash Used in Investing Activities	<u>(2,375)</u>	<u>(7,627)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH	\$ 53,760	\$ 49,767
Cash at Beginning of Fiscal Year	<u>148,511</u>	<u>99,977</u>
CASH AT END OF FISCAL YEAR	<u>\$ 202,271</u>	<u>\$ 149,744</u>

See notes to financial statements.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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.

Changes in Accounting Principle: Effective July 1, 2019, the Organization adopted Financial Accounting Standards Board - Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* ("ASU 2018-08"). The guidance in ASU 2018-08 provides for: (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and (2) determining whether a contribution is conditional.

For resource recipients, ASU 2018-08 is effective for fiscal years beginning after December 15, 2018 and is required to be applied on a modified prospective basis; however, retrospective application is permitted. The Organization's implementation of ASU 2018-08 as a resource recipient resulted in a change to how the Organization has historically reported contributions received in advance of its routine special events. Due to the remote likelihood that these events would not happen, the Organization previously recognized the related revenue upon pledge or receipt. ASU 2018-08 requires the revenue received in advance to be reported as a liability on the Statement of Financial Position until the event occurs. This change resulted in an increase of "Refundable advances" of \$140,650 in the current fiscal year that under similar circumstances, would have been recognized as "Contributions" under the previous guidelines. No changes to the previously issued financial statements for the fiscal year ended June 30, 2019, however, were required to conform to the 2020 presentation. Disclosure of the Fund's accounting policies for contribution support and revenues have been enhanced in accordance with adopting the new standard.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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 November 8, 2020, 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, 2020 and 2019, 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 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, 2020 and 2019.

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 Statements of Financial Position.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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, 2020 and 2019.

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.

Donated Services and Gift-In-Kind Contributions: 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 2020 or 2019 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, 2020 and 2019, the Organization received gift-in-kind contributions consisting of various goods that were utilized by the Organization and expensed in its operations during each fiscal year. The estimated fair value of gift-in-kind contributions recognized during fiscal years 2020 and 2019 totaled \$2,476 and \$16,079.

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.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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, 2020 or 2019. 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, 2020, management considers the Organization's open tax years to include the returns filed for the fiscal years ended June 30, 2017, 2018, and 2019, as well as the regulatory returns that will be filed for 2020.

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	
	2020	2019
Current financial assets	\$ 205,945	\$ 160,520
Current financial liabilities	<u>168,923</u>	<u>5,446</u>
Net financial assets	<u>\$ 37,022</u>	<u>\$ 155,074</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 on-going fund-raising efforts and giving trends, the Organization anticipates collecting sufficient support and revenue to continue to fund current operations, but this may be impacted by the current global health pandemic. (Refer to Note H for additional disclosures on risks and uncertainties.)

Current financial liabilities above include refundable advances totaling \$168,250, which are comprised of conditional contributions received in the current fiscal year of \$140,650 for the golf tournament, and \$27,600 of loan proceeds received from the Payroll Protection Program. The golf tournament occurred in September 2020 and this portion of the refundable advance will be realized as gross special events revenue in the fiscal year ended June 30, 2021. As described in Note F, management may apply for forgiveness of eligible loan proceeds received, which may result in the recognition of revenue for any portion of the loan proceeds that are forgiven in the fiscal year ended June 30, 2021.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE C -- PROPERTY AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Furniture and equipment	\$ 36,614	\$ 33,843
Website	<u>2,970</u>	<u>2,970</u>
	39,584	36,813
Less: Accumulated depreciation	<u>(31,569)</u>	<u>(28,541)</u>
 TOTAL PROPERTY AND EQUIPMENT, net	 <u>\$ 8,015</u>	 <u>\$ 8,272</u>

The components of depreciation expense are as follows for the fiscal years ended June 30:

	<u>2020</u>	<u>2019</u>
Property and equipment	\$ 3,029	\$ 2,238
Other assets	<u>97</u>	<u>98</u>
 TOTAL DEPRECIATION EXPENSE	 <u>\$ 3,126</u>	 <u>\$ 2,336</u>

NOTE D -- SPECIAL EVENT REVENUE

The Organization conducted certain fund-raising events during the fiscal years ended June 30, 2020 and 2019. Special event revenue, before expenses, is summarized as follows for the fiscal years ended June 30:

	<u>2020</u>	<u>2019</u>
<u>Special Event:</u>		
Golf tournament	\$ 940	\$ 168,461
Holiday luncheon	50,660	51,320
Kickball tournament	0	4,500
PowerLunch golf challenge	114,301	122,491
Alumni Golf Tournament	<u>250</u>	<u>0</u>
 GROSS REVENUE, before expenses	 <u>\$ 166,151</u>	 <u>\$ 346,772</u>

During the fiscal years ended June 30, 2020 and 2019, the Organization received cash of \$140,650 and \$5,400, respectively, representing registration and sponsorship for fund-raising events scheduled to be held subsequent to each respective fiscal year end. In accordance with U.S. GAAP, these cash receipts are reported in the accompanying Statements of Financial Position as a current liability for refundable advances. The Organization also received notification from certain donors who communicated their intent to register for these subsequent fund-raising events. These conditional promises to give as of June 30, 2020 and 2019 totaled \$5,600 and \$6,900, respectively, and are not recognized in the accompanying financial statements.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

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, 2020 and 2019, no other individual was paid compensation.

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

In April 2020, the Organization received loan proceeds from Truist Bank in the amount of \$27,600 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. No determination has been made as to whether the Company will be eligible for forgiveness, in whole or in part. 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 date of the note. 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 are recognized as a component of "Refundable advances" in the accompany Statement of Financial Position.

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 years ended June 30, 2020 and 2019 totaled \$12,000 for both years. The lease requires future minimum rental payments of \$6,000 during the fiscal year ending June 30, 2021.

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, 2019 totaled approximately \$2,100.

Concentrations: As described in Note D, the Organization received special event revenue of approximately \$940 and \$168,000 from the golf tournament, approximately \$51,000 and \$51,000 from the holiday luncheon, and approximately \$114,000 and \$122,000 from the PowerLunch golf challenge during the fiscal years ended June 30, 2020 and 2019, respectively. As a result, each of these special events is deemed to represent a significant concentration within the Organization's total support and revenues.

LOVE HELPS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2020 and 2019

NOTE H -- RISKS AND UNCERTANTIES

Global Health Pandemic – Novel Coronavirus: As a result of the global spread of the novel coronavirus (COVID-19) during 2020, and its declaration as a global health pandemic by the World Health Organization in early 2020, governmental authorities at the national and local levels, both foreign and domestic, have imposed travel restrictions, prohibited public gatherings, mandated closure of schools and "non-essential" businesses, issued stay-at-home orders for individuals, and required quarantining of persons who have or may have been exposed to the virus. During 2020, these containment measures have resulted in global economic decline, disruption of financial markets, and significant volatility in many industries and non-profit organizations.

The scope, duration, magnitude, and ultimate direct and indirect financial impact of this global health pandemic on the Organization's financial position, activities and cash flows is not readily determinable and cannot be reasonably estimated at this time. At June 30, 2020, the financial statements do not include any adjustments that might result from the outcome of any uncertainties related to the COVID-19 pandemic.