

Jesse Lewis Choose Love Foundation, Inc.

Financial Statements with Independent Auditor's Report

Year Ended December 31, 2017

Independent Auditor's Report

The Board of Directors
Jesse Lewis Choose Love Foundation, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Jesse Lewis Choose Love Foundation, Inc. (a Connecticut not-for-profit corporation), which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the 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; this includes 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 the 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jesse Lewis Choose Love Foundation, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Nanavaty, Nanavaty & Davenport, LLP

April 18, 2019

Jesse Lewis Choose Love Foundation, Inc.

Statement of Financial Position

At December 31, 2017

ASSETS

Assets:

Cash and cash equivalents	\$	371,494
Investments		72,227
Equipment, less accumulated depreciation of \$1,242		4,476
Total assets	\$	<u>448,197</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accrued expenses	\$	14,343
Deferred grant revenue		200,000
Total liabilities		<u>214,343</u>

Net Assets:

Unrestricted		233,854
Total net assets		<u>233,854</u>
Total liabilities and net assets	\$	<u>448,197</u>

The accompanying notes are an integral part of these financial statements.

Jesse Lewis Choose Love Foundation, Inc.

Statement of Activities

Year Ended December 31, 2017

Operating Support and Revenues:

Contributions	\$	405,551
Book and merchandise sales		3,339
Investment income		806
Total operating support and revenues		<u>409,696</u>

Operating Expenses:

Program services		183,677
Supporting services:		
Management and general		172,760
Fundraising		6,851
Total program and supporting services		<u>363,288</u>

Change in net assets 46,408

Net assets at the beginning of the year 187,446

Net assets at the end of the year \$ 233,854

The accompanying notes are an integral part of these financial statements.

Jesse Lewis Choose Love Foundation, Inc.

Statement of Functional Expenses

Year Ended December 31, 2017

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Payroll and taxes	103,016	61,486	-	164,502
Marketing and promotion	64,289	-	2,220	66,509
Contract services	35,728	23,720	-	59,448
Production/program materials	22,119	-	-	22,119
Travel	13,089	-	-	13,089
Books distributed	9,102	-	-	9,102
Donated office space	2,754	2,538	108	5,400
Office expense	2,824	2,757	-	5,581
Bank fees	-	-	4,505	4,505
Supplies	4,517	910	2,500	7,927
Insurance	-	2,285	-	2,285
Professional fees	-	1,250	-	1,250
Depreciation	462	427	18	907
Utilities	-	514	-	514
Miscellaneous	-	150	-	150
Total expenses	<u>\$ 257,900</u>	<u>\$ 96,037</u>	<u>\$ 9,351</u>	<u>\$ 363,288</u>

The accompanying notes are an integral part of these financial statements.

Jesse Lewis Choose Love Foundation, Inc.

Statement of Cash Flows

Year Ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	\$ 46,407
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	907
Decrease in accrued expenses	(2,962)
Increase in deferred grant revenue	200,000
Net cash provided by operating activities	<u>244,352</u>
Cash flows from investing activities:	
Cash paid for acquisition of equipment	(2,367)
Cash paid for purchases of investments, net	(26,834)
Net cash used in investing activities	<u>(29,201)</u>
Net increase in cash	215,151
Cash at beginning of year	<u>156,342</u>
Cash at end of year	<u>\$ 371,493</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

NOTE 1 - ORGANIZATION

Jesse Lewis Choose Love Foundation, Inc. was founded as a non-profit organization incorporated on January 29, 2013. The Jesse Lewis Choose Love Foundation, Inc. was started to honor the founder's son, Jesse, with a mission to ensure that every child has access to Social and Emotional Learning (SEL) in their classrooms to help facilitate this teaching within their families, schools and communities. The *Choose Love Enrichment Program* is a Pre-K through Grade 12 SEL program teaching children how to choose love in any circumstance. The *Choose Love Enrichment Program* is free and available online to all educators. The major sources of revenue are grants, donations and fundraising. The major sources of expenses are program, salaries, and marketing expenses.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. *Basis of Presentation*

The organization's financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

As a non-profit corporation, the organization's net assets are classified as unrestricted, temporarily restricted or permanently restricted based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets - Net assets subject to donor-imposed restrictions that either expire by the passage of time or can be fulfilled or otherwise removed by actions of the organization.

Permanently restricted net assets - Net assets subject to donor imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

2. *Cash and Cash Equivalents*

Jesse Lewis Choose Love Foundation, Inc. considers all unrestricted cash on deposit with a maturity of three months or less to be cash and cash equivalents. Jesse Lewis Choose Love Foundation, Inc. maintains several bank accounts at one financial institution, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Although at times the balance in these accounts may exceed the federally insured limit, the organization has never experienced any losses. The organization also uses an account with an online licensed money transmitter, which is not insured by the FDIC.

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. *Contributions*

Unconditional contributions are recognized when pledged or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions receivable that are expected to be collected in more than one year are discounted to their present value. The organization reports contributions of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets released from restrictions. Contributions received whose restrictions are met in the same period are recognized with unrestricted net assets. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. General volunteer services do not meet these criteria for recognition.

4. *Equipment and Depreciation*

Equipment is carried at cost. Donated equipment is capitalized at fair value at the time of receipt. Depreciation is computed on the straight-line method over the estimated useful lives of 5 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income for the period. Additions and betterments larger than \$1,000 and with a useful life greater than 1 year are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

5. *Income Taxes*

Jesse Lewis Choose Love Foundation, Inc. is exempt from income taxes under Section 501(a) of the Internal Revenue Code as an organization described under Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. The organization recognizes the benefits of income tax positions only if those positions are more likely than not of being sustained. The Jesse Lewis Choose Love Foundation, Inc. is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

6. *Functional Expenses*

Jesse Lewis Choose Love Foundation, Inc. allocates its expenses on a functional basis among its various program and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Expenses that are common to several functions have been allocated based on management's estimate of the actual activities of the organization.

Jesse Lewis Choose Love Foundation, Inc.

Notes to Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

7. *Subsequent Events*

Management has reviewed the events and transactions from January 1, 2018 through April 18, 2019, the date these statements were available to be issued, and has determined that there were no material events that would require disclosure in these financial statements.

NOTE 3 - EQUIPMENT AND ACCUMULATED DEPRECIATION

Equipment consists of the following as of December 31:

	<u>2017</u>
Office Equipment	\$ 5,719
Accumulated Depreciation	<u>(1,242)</u>
	<u>\$ 4,477</u>

NOTE 4 - IN-KIND CONTRIBUTION OF SPACE

Jesse Lewis Choose Love Foundation, Inc. has entered in a space utilization agreement with Newtown Parent Connection, Inc. to utilize office space in the facility that they have leased from the Town of Newtown. The space is available on a year-to-year arrangement to help the organization achieve its goals. Newtown Parent Connection, Inc. has determined that the value of the space is \$5,400 per year. A contribution and expense have been recorded for the year ended December 31, 2017 to recognize the in-kind benefit that the organization has received from the Newtown Parent Connection, Inc. A formal agreement was signed between the parties in January 2017.

NOTE 5 - CONTRIBUTED SERVICES AND MATERIALS

Contributed services are reported as contributions at their fair value if such services create or enhance non-financial assets or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such specialized skills. During the year ended December 31, 2017, the value of contributed services recognized as revenues in the accompanying Statement of Activities was \$15,000 for 2017.

Numerous volunteers have donated their time in 2017 to the organization's fundraising, operations and program services. No amounts have been reflected in the financial statements.