

Jesse Lewis Choose Love Movement, Inc.

**Financial Statements with Independent Auditor's Report**

Years Ended December 31, 2019 and 2018

Jesse Lewis Choose Love Movement, Inc.

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December 31, 2019 and 2018

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Jesse Lewis Choose Love Movement, Inc. (a Connecticut not-for-profit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the 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; 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 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 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 Movement, Inc. as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Nanawaty, Davenport, Studley & White, LLP*

October 21, 2020

Jesse Lewis Choose Love Movement, Inc.

**Statements of Financial Position**

At December 31,

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Assets:		
Cash and cash equivalents	\$ 395,426	\$ 501,430
Investments	277,200	89,043
Accounts Receivable	14,245	-
Prepaid expenses	5,390	-
Equipment, less accumulated depreciation of \$3,561 and \$2,386	2,771	3,332
Total assets	<u>\$ 695,032</u>	<u>\$ 593,805</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Liabilities:		
Accrued expenses	\$ 11,823	\$ 18,255
Deferred revenues	203,500	200,000
Total liabilities	<u>215,323</u>	<u>218,255</u>
Net Assets:		
Without donor restriction	479,709	373,136
With donor restriction	-	2,414
Total net assets	<u>479,709</u>	<u>375,550</u>
Total liabilities and net assets	<u>\$ 695,032</u>	<u>\$ 593,805</u>

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

Jesse Lewis Choose Love Movement, Inc.

**Statements of Activities**

Years Ended December 31,

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Support and Revenues:</b>						
Contributions	\$ 474,292	\$ 2,500	\$ 476,792	\$ 555,239	\$ 19,422	\$ 574,661
Fundraising revenue	108,330	-	108,330	47,186	-	47,186
Speaking fees	87,882	-	87,882	41,432	-	41,432
Book and merchandise sales	44,597	-	44,597	19,712	-	19,712
Investment return, net	4,968	-	4,968	(3,427)	-	(3,427)
Total operating support and revenues	<u>720,069</u>	<u>2,500</u>	<u>722,569</u>	<u>660,142</u>	<u>19,422</u>	<u>679,564</u>
Net assets released from donor restrictions	4,914	(4,914)	-	17,008	(17,008)	-
<b>Operating Expenses:</b>						
Program services	517,849	-	517,849	475,341	-	475,341
Supporting services:						
Management and general	55,308	-	55,308	54,308	-	54,308
Fundraising	45,253	-	45,253	8,219	-	8,219
Total program and supporting services	<u>618,410</u>	<u>-</u>	<u>618,410</u>	<u>537,868</u>	<u>-</u>	<u>537,868</u>
<b>Change in net assets</b>	106,573	(2,414)	104,159	139,282	2,414	141,696
<b>Net assets at the beginning of the year</b>	<u>373,136</u>	<u>2,414</u>	<u>375,550</u>	<u>233,854</u>	<u>-</u>	<u>233,854</u>
<b>Net assets at the end of the year</b>	<u>\$ 479,709</u>	<u>\$ -</u>	<u>\$ 479,709</u>	<u>\$ 373,136</u>	<u>\$ 2,414</u>	<u>\$ 375,550</u>

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

Jesse Lewis Choose Love Movement, Inc.

Statements of Functional Expenses

Years Ended December 31,

2019

2018

	<u>2019</u>				<u>2018</u>			
	<u>Program Services</u>	<u>Supporting Services Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Supporting Services Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Payroll and taxes	\$ 172,739	\$ 16,973	\$ 3,492	\$ 193,204	\$ 143,425	\$ 5,135	\$ 1,212	\$ 149,772
Production/program materials	109,340	-	2,334	111,674	135,957	-	-	135,957
Marketing and promotion	73,042	-	4,462	77,504	48,721	3,690	2,283	54,694
Travel	60,379	1,633	536	62,548	42,220	1,572	-	43,792
Contract services	33,641	14,553	-	48,194	35,531	23,119	2,223	60,873
Program materials and merchandise	33,081	-	262	33,343	37,618	-	-	37,618
Website and IT services	24,203	1,889	-	26,092	11,746	691	-	12,437
Events expense	-	-	31,017	31,017	-	-	840	840
Professional fees	-	10,201	-	10,201	-	7,975	-	7,975
Donated office space	4,050	1,242	108	5,400	4,050	1,242	108	5,400
Miscellaneous	-	2,842	-	2,842	194	1,057	-	1,251
Insurance	2,719	402	900	4,021	-	2,901	-	2,901
Office expense	-	3,970	-	3,970	310	3,934	201	4,445
Supplies	3,091	856	15	3,962	14,968	1,975	-	16,943
Bank fees	659	571	2,033	3,263	18	479	1,329	1,826
Depreciation	905	176	94	1,175	583	538	23	1,144
Total expenses	<u>\$ 517,849</u>	<u>\$ 55,308</u>	<u>\$ 45,253</u>	<u>\$ 618,410</u>	<u>\$ 475,341</u>	<u>\$ 54,308</u>	<u>\$ 8,219</u>	<u>\$ 537,868</u>

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

Jesse Lewis Choose Love Movement, Inc.

**Statements of Cash Flows**

Years Ended December 31,

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 104,159	\$ 141,696
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,175	1,144
Net unrealized losses on investments	-	4,384
Net realized gains on investments	(1,332)	-
Donated securities	-	(11,854)
Changes in assets and liabilities:		
Increase in accounts receivable	(14,245)	-
Increase in prepaid expenses	(5,390)	-
(Decrease) increase in accrued expenses	(6,432)	3,912
Increase in deferred revenues	3,500	-
<b>Net cash provided by operating activities</b>	<u>81,435</u>	<u>139,282</u>
<b>Cash flows from investing activities:</b>		
Cash paid for acquisition of equipment	(614)	-
Cash paid for purchases of investments, net	(186,825)	(9,346)
<b>Net cash used in investing activities</b>	<u>(187,439)</u>	<u>(9,346)</u>
<b>Net (decrease) increase in cash</b>	(106,004)	129,936
<b>Cash at beginning of year</b>	501,430	371,494
<b>Cash at end of year</b>	<u>\$ 395,426</u>	<u>\$ 501,430</u>

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



Jesse Lewis Choose Love Movement, Inc.

**Notes to Financial Statements**

**NOTE 1 - ORGANIZATION**

Jesse Lewis Choose Love Movement, Inc. was founded as a not-for-profit organization incorporated on January 29, 2013. The Jesse Lewis Choose Love Movement, 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**

**Basis of Accounting and Presentation** - The financial statements of Jesse Lewis Choose Love Movement, Inc. have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The organization is required to report information regarding its financial position according to the classes of net assets: net assets without restrictions and net assets with restrictions.

As a non-profit corporation, the organization's net assets are classified as net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions limiting the use of the contributed assets as follows:

**Net assets Without Donor Restrictions** - Net assets that are not subject to donor-imposed restrictions. These resources may be designated at the discretion of the Board of Directors.

**Net Assets With Donor Restrictions** - net assets subject to the following donor-imposed stipulations: Some donor restrictions are temporary in nature or satisfied by the passage of time that either expire with the passage of time or can be fulfilled by the actions of Jesse Lewis Choose Love Movement, Inc. pursuant to those stipulations. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions. However, when restrictions on donor-restricted contributions are met in the same accounting period, such amounts are reported as part of net assets without donor restriction.

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**Cash Equivalents** - Cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

**Notes to Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Investment Valuation and Income Recognition** - Investments in equity or debt securities are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized and unrealized gains include the organization's gains and losses on investments bought and sold as well as held during the year.

**Revenue recognition** - Jesse Lewis Choose Love Movement, Inc. has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 605), as management believes the standard improves the usefulness and understandability of its financial statements. Analysis of various provisions of this standard resulted in no significant changes in the way the organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Contributions are recognized when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest; is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the condition on which they depend have been met. Contributions receivable that are expected to be collected in more than one year are discounted to their present value.

Jesse Lewis Choose Love Movement, Inc. reports contributions of cash and other assets as 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, net assets with restrictions are reclassified to net assets released from restrictions. Contributions received whose restrictions are met in the same period are recognized with net assets without restrictions.

The organization records special events revenue equal to the fair value of direct benefits to donors and contribution income for the excess received when the event takes place.

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.

**Notes to Financial Statements**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Fixed Assets and Depreciation** - Additions and betterments with a cost greater 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. 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.

**Income Taxes** - Jesse Lewis Choose Love Movement, Inc. is a not-for-profit organization and is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. 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. Jesse Lewis Choose Love Movement, Inc. is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods since inception.

**Cost Allocation** - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Jesse Lewis Choose Love Movement, 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.

**Subsequent Events** - In preparing these financial statements, management has evaluated subsequent events through October 21, 2020, which represents the date the financial statements were available to be issued.

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects Jesse Lewis Choose Love Movement, Inc.'s financial assets at December 31, 2019 and 2018, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one-year of the balance sheet date.

	<u>2019</u>	<u>2018</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ 686,871	\$ 588,059

*Liquidity Management*

Jesse Lewis Choose Love Movement, Inc. maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, the organization anticipates sufficient revenue to cover general expenditures.

**Notes to Financial Statements**

**NOTE 4 - SIGNIFICANT CONCENTRATIONS OF CREDIT AND MARKET RISK**

Jesse Lewis Choose Love Movement, Inc. maintains several bank accounts at two financial institutions, which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, during the year the balance in these accounts may exceed the federally insured limit. Jesse Lewis Choose Love Movement, Inc. has never experienced any losses on such accounts. The organization also uses an account with an online licensed money transmitter, which is not insured by the FDIC.

Credit risk for contributions revenues and contributions receivable is concentrated as well because substantially all the balances are from organizations or individuals located within the same geographic region.

Investments consist generally of investments in money funds. The value of these investments is subject to fluctuations due to general market conditions and interest rates.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The Financial Accounting Standards Board (“FASB”) Topic 820, under the FASB Accounting Standards Codification (“ASC”) defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. This standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the respective asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The hierarchy is categorized into three levels based on the transparency of inputs as follows:

**Level 1** - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

**Level 2** - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. The nature of these securities includes investments for which quoted prices are available but traded less frequently and investments that are fair valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a net asset value (“NAV”) per share, or its equivalent, that may be redeemed at NAV at the date of the statement of financial position or in the near term, which the organization has determined to be within 90 days.

Notes to Financial Statements

**NOTE 5 - FAIR VALUE MEASUREMENTS (continued)**

**Level 3** - Securities that have little to no pricing observability as of the report date. These securities are measured using management’s best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at NAV or for which redemption at NAV is uncertain due to lockup periods or other investment restrictions.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes “observable” requires significant judgment by the organization.

The organization considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the organization’s perceived risk of that instrument.

The organization’s policy is to recognize transfers in and transfers out of levels at the end of the reporting period.

**Assets Measured at Fair-value on a Recurring Basis** - The following is a summary of the source of fair-value measurements for assets that are measured at fair-value on a recurring basis as of December 31:

<u>2019</u>				
<u>Investment Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and money funds	\$ 277,200	\$ -	\$ -	\$ 277,200
Total Fair Value Measurements	<u>\$ 277,200</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,200</u>
<u>2018</u>				
<u>Investment Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of deposit and equivalents	\$ 75,087	\$ -	\$ -	\$ 75,087
Common stocks	13,956	-	-	13,956
Total Fair Value Measurements	<u>\$ 89,043</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,043</u>

Jesse Lewis Choose Love Movement, Inc.

Notes to Financial Statements

**NOTE 5 - FAIR VALUE MEASUREMENTS (continued)**

There have been no changes in the methodologies used at December 31, 2019 and 2018.

Investment return consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Interest income	\$ 3,636	\$ 212
Net realized gains	1,332	-
Net unrealized losses	-	(3,639)
Investment return, net	<u>\$ 4,968</u>	<u>\$ (3,427)</u>

**NOTE 6 - FIXED ASSETS**

Fixed assets consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Office Equipment	\$ 6,332	\$ 5,718
Accumulated Depreciation	<u>(3,561)</u>	<u>(2,386)</u>
	<u>\$ 2,771</u>	<u>\$ 3,332</u>

Depreciation expense amounted to \$1,175 and \$1,144 in 2019 and 2018, respectively.

**NOTE 7 - IN-KIND CONTRIBUTION OF SPACE**

Jesse Lewis Choose Love Movement, 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 years ended December 31, 2019 and 2018 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. The agreement was extended to cover 2020.

**Notes to Financial Statements**

**NOTE 8 - SUBSEQUENT EVENTS**

In 2020, the COVID-19 outbreak reached the United States and caused economic interruptions through mandated and voluntary closings of businesses and organizations in all 50 states. While the interruption is currently expected to be temporary, there is considerable uncertainty as to the duration and long-term effects of COVID-19 on the economy. Due to the uncertainties that exist, the organization is unable to reasonably estimate the future financial impact that this will have on the operations.

In March 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provided loan funds to small businesses and organizations to maintain payroll, health benefits and certain other overhead expenses. In April 2020, Jesse Lewis Choose Love Movement, Inc. received \$93,250 of Payroll Protection Program funds under the CARES Act. The funds received will be recorded as a loan until such time that the organization complies with the required use of the funds and applies to its lender for forgiveness under the CARES Act.

In April 2020, the Jesse Lewis Choose Love Movement, Inc. was made aware that they have received an interest in the Elizabeth R. Meisels Fund. The fund is an endowed designated fund that will support the Jesse Lewis Choose Love Foundation in perpetuity. Grants from designated funds are made annually during the first quarter of each year. The first grant will be made in the first quarter of 2021. The funds may be used for operations or whatever the organization chooses.