YEARDLEY REYNOLDS LOVE
FOUNDATION, INC.
(dba The One Love Foundation
in Honor of Yeardley Reynolds Love)

FINANCIAL REPORT

JUNE 30, 2014

C O N T E N T S

TMDG LLC
www.tmdgllc.com Certified Public Accountants & Healthcare Consultants

500 East Pratt Street · Suite 525 · Baltimore, Maryland 21202-3178
Telephone: 443.743.1277 · Facsimile: 443.743.1295

51

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Yeardley Reynolds Love Foundation, Inc.
(dba The One Love Foundation in Honor of Yeardley Reynolds Love)
Bronxville, New York

Report on the Financial Statements
We have audited the accompanying financial statements of Yeardley Reynolds Love Foundation, Inc. (dba The One Love Foundation in Honor of Yeardley Reynolds Love), which comprise the statements of financial position as of June 30, 2014 and 2013, 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 audit 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Yeardley Reynolds Love Foundation, Inc. (dba The One Love Foundation in Honor of Yeardley Reynolds Love) as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

TMDG, LLC

Baltimore, Maryland
April 27, 2015

YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
(dba THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY REYNOLDS LOVE)

STATEMENTS OF FINANCIAL POSITION
June 30, 2014 and 2013

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash	$ 485,909	$ 504,164
Other receivables	-	2,848
Inventory	29,076	36,310
Prepaid expenses	9,869	8,323
Total current assets	524,854	551,645
PROPERTY		
Be 1 for Change public service announcement	120,750	120,750
Be 1 for Change digital workshop - "Escalation"	583,205	200,000
	703,955	320,750
Less accumulated amortization	176,975	12,096
	526,980	308,654
Total assets	$ 1,051,834	$ 860,299

The Notes to Financial Statements are an integral part of these statements.

	2014	2013
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expense	$ 117,587	$ 32,142
Deferred revenue	2,401	2,451
Total current liabilities	119,988	34,593
COMMITMENTS		
NET ASSETS		
Unrestricted	50,177	101,514
Temporarily restricted (Note 2)	881,669	724,192
Total net assets	931,846	825,706
Total liabilities and net assets	$ 1,051,834	$ 860,299

YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
(dba THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY REYNOLDS LOVE)

STATEMENTS OF ACTIVITIES
Years Ended June 30, 2014 and 2013

	2014		
	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Contributions			
Individual	$ 59,871	$ -	$ 59,871
Foundation	34,770	800,000	834,770
Corporate	69,255	-	69,255
Donated goods and services	2,290,815	-	2,290,815
Special event fundraisers:			
Revenues	141,086	-	141,086
Less: cost of direct benefits to donors	(92,254)	-	(92,254)
Net support from special events	48,832	-	48,832
Merchandise sales:			
Revenues	15,249	-	15,249
Less: cost of goods sold	(5,509)	-	(5,509)
Net support from merchandise sales	9,740	-	9,740
Net assets released from restriction by satisfaction of program restrictions	642,523	(642,523)	-
Total support and revenue	3,155,806	157,477	3,313,283
EXPENSES			
Program	2,974,025	-	2,974,025
Management and general	106,065	-	106,065
Fundraising	127,053	-	127,053
Total expenses	3,207,143	-	3,207,143
Change in net assets	(51,337)	157,477	106,140
Net assets, beginning of year	101,514	724,192	825,706
Net assets, end of year	$ 50,177	$ 881,669	$ 931,846

The Notes to Financial Statements are an integral part of these statements.

2013		
Unrestricted	Temporarily Restricted	Total
$ 51,859	$ -	$ 51,859
22,237	-	22,237
43,215	-	43,215
862,824	-	862,824
119,052	-	119,052
(78,202)	-	(78,202)
40,850	-	40,850
-	-	-
-	-	-
-	-	-
222,704	(222,704)	-
1,243,689	(222,704)	1,020,985
1,085,529	-	1,085,529
72,151	-	72,151
129,372	-	129,372
1,287,052	-	1,287,052
(43,363)	(222,704)	(266,067)
144,877	946,896	1,091,773
$ 101,514	$ 724,192	$ 825,706

YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
(dba THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY REYNOLDS LOVE)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2014

	Program Services	Management and General	Fundraising	Total
Awareness/promotional materials	$ 16,258	$ -	$ -	$ 16,258
Bank and credit card fees	-	-	8,643	8,643
Digital workshop upgrade	201,652	-	-	201,652
Donated goods and services	2,290,815	-	-	2,290,815
Educational program materials	17,709	1,154	1,079	19,942
Gifts and awards	1,432	-	-	1,432
Grants and donations	250	-	-	250
Insurance	16,151	2,871	-	19,022
Management fees	206,001	83,927	91,556	381,484
Miscellaneous	3,538	1,875	125	5,538
Office	-	975	291	1,266
Postage and delivery	-	4,595	542	5,137
Printing	1,752	424	139	2,315
Professional fees	4,925	8,849	1,003	14,777
Public relations	34,718	-	22,620	57,338
Travel	10,195	64	1,055	11,314
Website	3,750	1,331	-	5,081
	2,809,146	106,065	127,053	3,042,264
Amortization	164,879	-	-	164,879
	$ 2,974,025	$ 106,065	$ 127,053	$ 3,207,143

The Notes to Financial Statements are an integral part of this statement.

YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
(dba THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY REYNOLDS LOVE)

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2013

	Program Services	Management and General	Fundraising	Total
Awareness/promotional materials	$ 6,534	$ -	$ -	$ 6,534
Bank and credit card fees	-	64	5,458	5,522
Digital workshop upgrade	-	-	-	-
Donated goods and services	862,824	-	-	862,824
Educational program materials	42,665	-	-	42,665
Gifts and awards	413	-	-	413
Grants and donations	39,656	-	-	39,656
Insurance	13,519	583	-	14,102
Management fees	101,998	40,799	61,199	203,996
Miscellaneous	630	400	-	1,030
Office	-	695	-	695
Postage and delivery	1,038	204	1,190	2,432
Printing	-	-	-	-
Professional fees	-	27,592	-	27,592
Public relations	-	-	60,978	60,978
Travel	771	1,814	547	3,132
Website	3,385	-	-	3,385
	1,073,433	72,151	129,372	1,274,956
Amortization	12,096	-	-	12,096
	$ 1,085,529	$ 72,151	$ 129,372	$ 1,287,052

The Notes to Financial Statements are an integral part of this statement.

YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
(dba THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY REYNOLDS LOVE)

STATEMENTS OF CASH FLOWS
Years Ended June 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 106,140	$ (266,067)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	164,879	12,096
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	2,848	-
Pledges and other receivables	-	249,732
Inventory	7,234	(12,142)
Prepaid expense	(1,546)	(8,323)
Increase (decrease) in liabilities:		
Accounts payable and accrued expense	85,445	32,142
Deferred revenue	(50)	2,451
Net cash provided by operating activities	364,950	9,889
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	(383,205)	(320,750)
Net cash used in investing activities	(383,205)	(320,750)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net cash used in financing activities	-	-
Change in cash	(18,255)	(310,861)
Cash, beginning of year	504,164	815,025
Cash, end of year	$ 485,909	$ 504,164

The Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities

The Yeardley Reynolds Love Foundation, Inc., dba The One Love Foundation in Honor of Yeardley Reynolds Love (the “Foundation”) was founded in June 2010 and incorporated as a not-for-profit organization under the laws of the State of Maryland. At inception, the Foundation’s primary mission was providing academic scholarships for students, promoting the education and healthy development of youth through sports, and funding the construction and maintenance of athletic fields and facilities for children.

In 2012, the Foundation refined its mission statement. Its mission is to educate, empower and activate young people in a movement to end relationship violence. The Foundation develops compelling educational content that sparks new and novel discussions among workshop participants, inspiring them to work together to affect change in their communities. The Foundation’s programs are designed to empower young people as the critical leaders of this movement for change, mobilizing a generation toward a brighter future where relationship violence is far less prevalent.

A summary of the Foundation's significant accounting policies follows:

Basis of accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets – net assets that result from contributions and grants whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Foundation pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes.

Permanently restricted net assets – net assets that result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by the Foundation's actions. The Foundation has no permanently restricted net assets as of June 30, 2014 or 2013.

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Financial risk

The Foundation maintains its cash balances in bank deposit accounts, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses on cash accounts and believes it is not exposed to any significant credit risk as to cash.

Property

Property is stated at cost if purchased, or fair market value if obtained through donation. Expenditures of $1,000 or greater and with a useful life greater than 1 year are capitalized. Expenditures for maintenance, repairs and renewals are charged to expense as incurred. Expenditures for additions, improvements and replacements are capitalized and depreciated over their estimated useful lives. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the depreciable assets, which ranges from 18 months to 3 years.

The Foundation's program assets are education and awareness products created under its Be 1 for Change initiative. The Foundation completed production of its Be 1 for Change public service announcements (PSAs) during the year ended June 30, 2013. The Foundation invested in the development of the film curriculum, *Escalation*, during the years ended June 30, 2013 and 2014, which was completed during the year ended June 30, 2014.

During the year ended June 30, 2014, the Foundation reassessed the estimated useful life of certain of its property. As a result, the estimated useful lives of the PSAs were changed from five years to between 1 and 3 years due to the determination that the Foundation will not be using these videos as long as they had initially intended. The change in the estimated useful lives of the PSAs was accounted for as a change in accounting estimate on a prospective basis.

The change in estimated useful lives resulted in $36,861 more amortization expense than would have otherwise been recorded for the year ended June 30, 2014. Had the change not been made, the increase in net assets for the year ended June 30, 2014 would have been higher by $36,861.

Amortization expense was $164,879 and $12,096 for the years ended June 30, 2014 and 2013, respectively.

Valuation of long-lived assets

The Foundation accounts for the valuation of long-lived assets under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 360,

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Valuation of long-lived assets (continued)

Property, Plant and Equipment, which requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

The Foundation incurred $201,652 of production costs to make certain upgrades to the *Escalation* film curriculum. Subsequent to incurring the costs, the decision was made not to incorporate these changes into the final product. As a result, Management has recorded an expense for these costs for the year ended June 30, 2014.

Management has determined there is no impairment to be recorded as of June 30, 2014 or 2013.

Fair value of financial instruments

The estimated values of financial instruments, consisting principally of cash, other receivables, prepaid expenses, accounts payable and accrued expense, and deferred revenue are stated at cost, which approximates fair value because of their short-term nature.

Inventory

Inventory is comprised of various articles of apparel, tote bags and sports equipment. Inventory is stated at the lower of cost, using the average cost method or market.

Income taxes

The Foundation is generally exempt from federal income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code. In addition, the Foundation qualifies for charitable contribution deductions under Section 170(b) (1) (A) and has been classified as a Foundation that is not a private foundation under Section 509 (a) (1). Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Foundation had no net unrelated business income for the years ended June 30, 2014 or 2013.

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Income taxes (continued)

The Foundation has adopted the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely-than-not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management evaluated the Foundation's tax positions and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guidance.

With few exceptions, the Foundation is no longer subject to income tax examinations from the U.S. federal, state or local tax authorities for years before June 30, 2011.

Contributions

The Foundation generates revenue from three primary sources: individuals, foundations and corporations.

Contributions received or promised, which includes unconditional promises to give (pledges), are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted contributions whose restrictions are satisfied in the same restriction period are shown as unrestricted contributions. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is satisfied), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as net assets released from restrictions.

Grants

The Foundation records revenue under the accrual method of accounting. Grant revenue is recorded upon receipt of cash or a written commitment from the grantor.

Revenue recognition from merchandise sales

The Foundation records revenue under the accrual method of accounting. Merchandise revenue is recognized at the time of customer purchase and delivery of the merchandise.

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Donated goods and services

Donated goods and services are reported at fair value in the financial statements when those items (1) create or enhance non-financial assets or (2) require any specialized skills provided by individuals possessing those skills and are services which would be typically purchased if not provided by donation. The Foundation recorded donated public air time revenue and expense of $2,290,815 and $862,824 related to the airing of its Be 1 for Change PSA for the years ended June 30, 2014 and 2013, respectively.

Members of the Board of Directors and others have made significant contributions of their time and talents in development of the programs and fundraising operations of the Foundation. These donated services do not meet the criteria for recognition and, accordingly, are not recognized in the accompanying financial statements.

Functional allocation of expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may vary from those estimates.

Date of management's review

The Foundation has evaluated subsequent events through April 27, 2015, the date on which the financial statements were available to be issued.

Note 2. Temporarily Restricted Net Assets

Temporarily restricted net assets represent contributions and grants which have donor-imposed limitations on their use. Temporarily restricted net assets are restricted for the following as of June 30, 2014 and 2013:

	2014	2013
Be 1 For Change	$ 379,745	$ 717,221
Escalation	496,222	-
Scholarships	5,702	6,971
	$ 881,669	$ 724,192

A portion of the contribution for the Be 1 For Change initiative was used toward the purchase of the public service announcement and the digital workshop during the years ended June 30, 2014 and 2013, which have been capitalized and are being amortized over 1 to 3 years. Therefore, the temporarily restricted net assets will be released over the estimated useful lives of the related assets in conjunction with the recognition of the amortization expense.

Note 3. Foundation Awards

In April 2012, the Foundation was awarded a $1,000,000 grant from The Michael & Kim Ward Foundation for the Be 1 for Change Initiative, which focuses on developing technology-based educational tools to raise awareness about relationship violence in the 16-24 age demographic. Relationship violence is defined as controlling and coercive behaviors such as physical, sexual and emotional abuse. The Foundation works closely with national experts in relationship violence to develop its programmatic resources under this initiative. The Foundation received the final payment of the grant during the year ended June 30, 2013. During the year ended June 30, 2014, the Ward Foundation awarded and paid an additional $500,000 toward the development of a new educational tool, *Escalation.*

During the year ended June 30, 2014, the Charles T. Bauer Foundation also granted and paid $300,000 to the Foundation toward the development of *Escalation*.

Note 4. Subsequent Events

Leadership

Since June 30, 2014, the Foundation has hired a CEO and employees who are dedicated to operating and managing the Foundation. Additionally, the Foundation has expanded its Board to include eleven directors from diverse backgrounds.

Note 4. Subsequent Events (continued)

Grants

In July 2014, The Michael & Kim Ward Foundation granted an additional $500,000 to the Foundation.

In January 2015, the Baltimore Ravens donated $400,000 to the Foundation to fund the rollout of the *Escalation* curriculum to high schools and colleges throughout Maryland. The gift is payable in installments of $100,000 through September 2016.

In January 2015, the Leona M. and Harry B. Helmsley Charitable Trust granted $450,000 to the Foundation, payable in installments through April 15, 2017, with an additional $250,000 matching contribution for qualifying contributions obtained through January 31, 2017.

Lease commitment

The Foundation entered into an operating sublease for office space effective September 6, 2014 through September 30, 2016. The annual commitment for rent under this agreement is as follows for the years ending June 30:

2015	$ 17,304
2016	30,331
2017	7,638
	$ 55,273

Bookkeeping services

On July 28, 2014, the Foundation entered into an agreement with an accounting firm to review and revise its existing accounting processes and provide on-going accounting support at a monthly rate of $1,000. Effective April 1, 2015, the agreement was renewed through October 2015 at a monthly rate of $1,250. Either party may terminate the agreement with 15 days written notice.