



one1love

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE**

Audited Financial Statements

June 30, 2018

Independent Auditor's Report

To the Board of Directors of
The One Love Foundation in Honor of Yeardeley Love, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The One Love Foundation in Honor of Yeardeley Love, Inc. (the "Foundation"), which comprise the statement of financial position as of June 30, 2018 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 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 organization'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 organization'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.

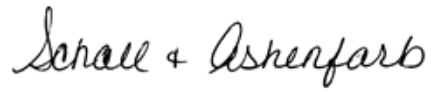
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The One Love Foundation in Honor of Yeadley Love, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Foundation's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 17, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

January 23, 2019

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018**

(With comparative totals at June 30, 2017)

	<u>6/30/18</u>	<u>6/30/17</u>
Assets		
Cash and cash equivalents	\$2,951,733	\$2,840,305
Contributions receivable (Note 3)	2,378,439	2,743,403
Prepaid expenses and other assets	126,211	67,645
Fixed assets (net of accumulated depreciation) (Note 4)	<u>26,117</u>	<u>50,401</u>
 Total assets	 <u><u>\$5,482,500</u></u>	 <u><u>\$5,701,754</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$109,208</u>	<u>\$588,303</u>
Total liabilities	<u>109,208</u>	<u>588,303</u>
Net assets:		
Unrestricted	3,476,185	2,370,750
Temporarily restricted (Note 5)	<u>1,897,107</u>	<u>2,742,701</u>
Total net assets	<u>5,373,292</u>	<u>5,113,451</u>
 Total liabilities and net assets	 <u><u>\$5,482,500</u></u>	 <u><u>\$5,701,754</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018**

(With comparative totals for the year ended June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/18</u>	<u>Total 6/30/17</u>
Public support:				
Contributions	\$2,447,517	\$1,168,957	\$3,616,474	\$5,359,855
Special events (net of expenses with a direct benefit to donors) (Note 7)	1,175,554		1,175,554	695,482
In-kind services (Note 6)	5,256,450		5,256,450	6,367,130
Other income	36,427		36,427	19,914
Net assets released from restrictions (Note 5)	2,014,551	(2,014,551)	0	0
Total public support	<u>10,930,499</u>	<u>(845,594)</u>	<u>10,084,905</u>	<u>12,442,381</u>
Expenses:				
Program services	<u>8,315,232</u>		<u>8,315,232</u>	<u>9,050,516</u>
Supporting services:				
Management and general	607,863		607,863	339,268
Fundraising	901,969		901,969	547,552
Total supporting services	<u>1,509,832</u>	<u>0</u>	<u>1,509,832</u>	<u>886,820</u>
Total expenses	<u>9,825,064</u>	<u>0</u>	<u>9,825,064</u>	<u>9,937,336</u>
Total change in net assets	1,105,435	(845,594)	259,841	2,505,045
Net assets - beginning	<u>2,370,750</u>	<u>2,742,701</u>	<u>5,113,451</u>	<u>2,608,406</u>
Net assets - ending	<u>\$3,476,185</u>	<u>\$1,897,107</u>	<u>\$5,373,292</u>	<u>\$5,113,451</u>

The attached notes and auditor's report are an integral part of these financial statements.

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

(With comparative totals for the year ended June 30, 2017)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/18	Total Expenses 6/30/17*
	Program Services	Management and General	Fundraising			
Salaries	\$1,724,378	\$336,083	\$410,763	\$746,846	\$2,471,224	\$1,664,304
Payroll taxes and benefits	277,174	52,301	60,860	113,161	390,335	233,196
Grant expenses				0	0	2,668
Professional fees (including in-kind) (Note 6)	201,566	151,928	55,523	207,451	409,017	115,629
Media and product development (including in-kind) (Note 6)	910,438		73,559	73,559	983,997	983,537
Marketing and advertising (including in-kind) (Note 6)	149,784		12,955	12,955	162,739	83,547
Content distribution (including in-kind) (Note 6)	4,495,237			0	4,495,237	6,007,606
Office expenses	19,577	3,959	3,701	7,660	27,237	22,747
Moving and office renovation	5,528	6,814	1,775	8,589	14,117	7,142
Technology infrastructure and maintenance	87,925	5,288	28,624	33,912	121,837	129,926
Rent and utilities (including in-kind) (Note 6)	166,070	29,816	30,338	60,154	226,224	68,699
Printing and mailing	5,713	2,928	17,726	20,654	26,367	26,390
Travel and entertainment	222,977	7,687	34,847	42,534	265,511	312,431
Insurance	2,875	1,995	6,255	8,250	11,125	10,969
Special event expenses			402,543	402,543	402,543	427,011
Bank charges		160	49,664	49,824	49,824	31,813
Miscellaneous	13,290	8,904	45,263	54,167	67,457	46,623
Depreciation	32,700			0	32,700	127,638
Total expenses by function	8,315,232	607,863	1,234,396	1,842,259	10,157,491	10,301,876
Less expenses included with revenues on statement of activities			(332,427)	(332,427)	(332,427)	(364,540)
Total expenses for statement of activities	\$8,315,232	\$607,863	\$901,969	\$1,509,832	\$9,825,064	\$9,937,336

* - Reclassified for comparative purposes

The attached notes and auditor's report are an integral part of these financial statements.

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**
(With comparative totals for the year ended June 30, 2017)

	<u>6/30/18</u>	<u>6/30/17</u>
Cash flows from operating activities:		
Change in net assets	\$259,841	\$2,505,045
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	32,700	127,638
Changes in assets and liabilities:		
Contribution receivable	364,964	(2,045,558)
Prepaid expenses and other assets	(58,566)	18,109
Accounts payable and accrued expenses	(479,095)	333,346
Total adjustments	<u>(139,997)</u>	<u>(1,566,465)</u>
Net cash flows provided by operating activities	<u>119,844</u>	<u>938,580</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(8,416)</u>	<u>(34,674)</u>
Net cash flows used for investing activities	<u>(8,416)</u>	<u>(34,674)</u>
Net increase in cash and cash equivalents	111,428	903,906
Cash and cash equivalents - beginning of year	<u>2,840,305</u>	<u>1,936,399</u>
Cash and cash equivalents - end of year	<u><u>\$2,951,733</u></u>	<u><u>\$2,840,305</u></u>
Supplemental disclosures:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE ONE LOVE FOUNDATION IN HONOR OF YEARDLEY LOVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Organization

The One Love Foundation in Honor of Yeardeley Love, Inc. (the "Foundation") was founded in June 2010 and incorporated as a not-for-profit organization under the laws of the State of Maryland. Its mission is to educate young people about the differences between healthy and unhealthy relationships to help end relationship abuse. The Foundation develops compelling educational content that is used in schools across the country to help educate, empower and activate the next generation to work together to affect change in their communities around the issue of relationship abuse.

The Foundation has been notified by the Internal Revenue Service that it is a 501(c)(3) organization that it is tax exempt under Section 509(a)(1) of the Internal Revenue Code and a similar provision of the New York State income tax laws.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

The Foundation reports information regarding their financial position and activities in the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions as well as activity with donor-imposed restrictions, which expire within the same period.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.

c. Revenue Recognition

Contributions are recorded as unrestricted or temporarily restricted, depending on the existence and/or nature of any donor restriction. When a 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 and reported in the statement of activities as net assets released from restriction. Contributions whose restrictions expire in the same year they are received are recorded as unrestricted.

d. Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments that potentially subject the Foundation to concentration of credit risk consist of cash and money market accounts which are placed with financial institutions that management deems to be creditworthy. At year end and at various times throughout the year, balances were in excess of insured amounts. However, the Foundation has not suffered any losses due to bank failure.

f. Contributions Receivable

The Foundation records pledges as revenue when they are considered unconditional in nature. Contributions are recognized at net realizable value, if expected to be received within one year, or at fair value using risk-adjusted present value techniques, if expected to be received after one year. Management performs a review of all outstanding receivables based on historical experience and other relevant factors. Based on this review, no reserve has been established.

g. Fixed Assets

Fixed assets that the Foundation retains title to and which benefit future periods are capitalized at cost, or if donated, at the estimated fair value at the time of donation.

Fixed assets consist of the technology platform, the Foundation's website, leasehold improvements, furniture, equipment and computers, all of which are depreciated over their estimated useful lives and lease terms using the straight-line method.

h. In-kind Services

The Foundation recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills, and would typically be purchased, if not donated.

Many volunteers, including board members, provide service in support of the Foundation's mission. Those services have not been recognized on the financial statements because they do not meet the criteria outlined above.

i. Marketing and Promotion

Marketing and promotion costs are expensed as incurred.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Accounting for Uncertainty of Income Taxes

The Foundation does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2015 and later are subject to examination by applicable taxing authorities.

m. Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through January 23, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

o. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that are useful in assessing a not-for-profit's liquidity, financial performance and cash flows. In addition, under the ASU, not-for-profits will no longer be able to imply a time restriction over donor-restricted contributions of fixed assets.

FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

The Foundation is in the process of evaluating the impact that these standards will have on future financial statements.

Note 3 - Contributions Receivable

Contributions receivable are due in the following periods:

Year ending:	June 30, 2019	\$1,758,168
	June 30, 2020	<u>648,314</u>
Subtotal		2,406,482
Less: discount at 2.56%		<u>(28,043)</u>
Total		<u>\$2,378,439</u>

Note 4 - Fixed Assets

Fixed assets consist of:

	<u>6/30/18</u>	<u>6/30/17</u>
Computers and equipment (3 years)	\$61,218	\$52,803
Leasehold improvements (life of lease)	41,430	41,430
Public service announcements (3 years)	120,750	120,750
Escalation and curriculum (3 years)	<u>609,757</u>	<u>609,757</u>
	833,155	824,739
Less: accumulated depreciation	<u>(807,038)</u>	<u>(774,338)</u>
Fixed assets – net	<u>\$26,117</u>	<u>\$50,401</u>

Note 5 - Temporarily Restricted Net Assets

Activity in temporarily restricted net assets can be summarized as follows:

	<u>June 30, 2018</u>			
	<u>Balance</u>	<u>Additions/</u>	<u>Released</u>	<u>Balance</u>
	<u>7/1/17</u>	<u>Contributions</u>	<u>from</u>	<u>6/30/18</u>
			<u>Restrictions</u>	
Program restrictions:				
Scholarship fund	\$1,201	\$0	(\$1,201)	\$0
Escalation workshop	50,000	0	(\$50,000)	0
Seattle office launch	0	500,000	0	500,000
Capacity building	<u>593,500</u>	<u>0</u>	<u>(413,164)</u>	<u>180,336</u>
Total program restriction	644,701	500,000	(464,365)	680,336
Time restrictions	<u>2,098,000</u>	<u>668,957</u>	<u>(1,550,186)</u>	<u>1,216,771</u>
Total	<u>\$2,742,701</u>	<u>\$1,168,957</u>	<u>(\$2,014,551)</u>	<u>\$1,897,107</u>

June 30, 2017				
	Balance 7/1/16	Additions/ Contributions	Released from Restrictions	Balance 6/30/17
Program restrictions:				
Scholarship fund	\$4,701	\$0	(\$3,500)	\$1,201
Escalation workshop	0	50,000	0	50,000
#ThatsNotLove campaign	367,265	0	(367,265)	0
Midwest expansion	87,185	0	(87,185)	0
Rollout of escalation	176,291	0	(176,291)	0
Capacity building	0	1,000,000	(406,500)	593,500
Total program restriction	635,442	1,050,000	(1,040,741)	644,701
Time restrictions	473,000	1,875,000	(250,000)	2,098,000
Total	<u>\$1,108,442</u>	<u>\$2,925,000</u>	<u>(\$1,290,741)</u>	<u>\$2,742,701</u>

Note 6 - In-Kind Services

In-kind services were allocated as follows:

June 30, 2018				
	Program Services	Management and General	Fundraising	Total
Content distribution	\$4,275,256	\$0	\$0	\$4,275,256
Professional fees	50,000	59,658	0	109,658
Marketing and advertising	15,167	0	0	15,167
Media and product				
Development	744,167	0	0	744,167
Rent and utilities	81,907	14,587	15,708	112,202
Total	<u>\$5,166,497</u>	<u>\$74,245</u>	<u>\$15,708</u>	<u>\$5,256,450</u>

June 30, 2017				
	Program Services	Management and General	Fundraising	Total
Content distribution	\$5,890,590	\$0	\$0	\$5,890,590
Professional fees	0	52,368	0	52,368
Media and product				
Development	424,172	0	0	424,172
Total	<u>\$6,314,762</u>	<u>\$52,368</u>	<u>\$0</u>	<u>\$6,367,130</u>

In-kind content distribution consists of contributed airtime for the Foundation's public service announcement on relationship violence. The Foundation was involved in determining and managing the message of the public service announcement, therefore the donated airtime is considered a contribution to the Foundation.

In-kind media and product development consists of donated marketing campaign strategy, development, and production services for the Foundation's major social awareness campaigns.

Note 7 - Special Events

The special event proceeds are summarized as follows:

	<u>June 30, 2018</u>		
	<u>NYC Event</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$706,362	\$801,619	\$1,507,981
Less: expenses with a direct benefit to donors	<u>(105,657)</u>	<u>(226,770)</u>	<u>(332,427)</u>
	600,705	574,849	1,175,554
Less: other event expenses	<u>(25,174)</u>	<u>(44,942)</u>	<u>(70,116)</u>
Total	<u>\$575,531</u>	<u>\$529,907</u>	<u>\$1,105,438</u>

	<u>June 30, 2017</u>		
	<u>NYC Event</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$520,112	\$539,910	\$1,060,022
Less: expenses with a direct benefit to donors	<u>(78,320)</u>	<u>(286,220)</u>	<u>(364,540)</u>
	441,792	253,690	695,482
Less: other event expenses	<u>(298)</u>	<u>(62,173)</u>	<u>(62,471)</u>
Total	<u>\$441,494</u>	<u>\$191,517</u>	<u>\$633,011</u>

Note 8 - Commitments

The Foundation has a non-cancelable lease for office space that expires on September 30, 2020 and a lease for retail space that expires on September 30, 2019. Future minimum payments under these leases are as follows:

Year ending:	June 30, 2019	\$75,015
	June 30, 2020	52,926
	June 30, 2021	<u>11,364</u>
Total		<u>\$139,305</u>

Note 9 - Retirement Plan

The Foundation maintains a tax deferred 401(k) retirement plan on behalf of participating employees. All employees who are at least 21 years of age may participate by designating a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The Foundation matches up to 4% of eligible employees' compensation at a rate of 50%. Contributions to the plan are fully vested immediately. Total retirement plan expense incurred during the year ended June 30, 2018 was \$18,000.