



one1love

**YEARDLEY REYNOLDS LOVE FOUNDATION, INC.
D/B/A THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY REYNOLDS LOVE**

Audited Financial Statements

June 30, 2016

Independent Auditors' 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, 2016 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.

Auditors' 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 auditors' 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.

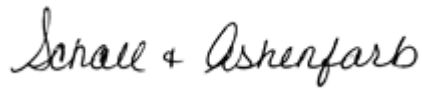
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016, 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 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

January 3, 2017

**THE ONE LOVE FOUNDATION
IN HONOR OF YEARDLEY LOVE, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2016**

(With comparative totals at June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15</u>
Assets		
Cash and cash equivalents	\$1,936,399	\$1,277,982
Contributions receivable (Note 3)	697,845	588,140
Prepaid expenses and other assets	85,754	21,881
Fixed assets (net of accumulated depreciation) (Note 4)	<u>143,365</u>	<u>399,860</u>
 Total assets	 <u><u>\$2,863,363</u></u>	 <u><u>\$2,287,863</u></u>
 Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	<u>\$254,957</u>	<u>\$141,750</u>
Total liabilities	<u>254,957</u>	<u>141,750</u>
Net assets:		
Unrestricted	1,499,964	1,126,367
Temporarily restricted (Note 5)	<u>1,108,442</u>	<u>1,019,746</u>
Total net assets	<u>2,608,406</u>	<u>2,146,113</u>
 Total liabilities and net assets	 <u><u>\$2,863,363</u></u>	 <u><u>\$2,287,863</u></u>

The attached notes and auditors' 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, 2016**

(With comparative totals for the year ended June 30, 2015)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/16</u>	<u>Total 6/30/15</u>
Public support:				
Contributions	\$1,592,361	\$1,350,000	\$2,942,361	\$2,292,407
Special events (net of direct benefit to donors) (Note 7)	432,818		432,818	100,919
In-kind services (Note 6)	2,296,120		2,296,120	2,429,450
Other income	4,475		4,475	18,017
Net assets released from restrictions (Note 5)	1,261,304	(1,261,304)	0	0
Total public support	<u>5,587,078</u>	<u>88,696</u>	<u>5,675,774</u>	<u>4,840,793</u>
Expenses:				
Program services (Note 6)	4,258,412		4,258,412	3,130,640
Supporting services:				
Management and general (Note 6)	317,390		317,390	256,073
Fundraising (Note 6)	615,679		615,679	239,813
Total supporting services	<u>933,069</u>	<u>0</u>	<u>933,069</u>	<u>495,886</u>
Total expenses	<u>5,191,481</u>	<u>0</u>	<u>5,191,481</u>	<u>3,626,526</u>
Change in net assets from operations	395,597	88,696	484,293	1,214,267
Non-operating activity:				
Loss on disposal of assets	(22,000)		(22,000)	0
Total non-operating activity	<u>(22,000)</u>	<u>0</u>	<u>(22,000)</u>	<u>0</u>
Total change in net assets	373,597	88,696	462,293	1,214,267
Net assets - beginning	<u>1,126,367</u>	<u>1,019,746</u>	<u>2,146,113</u>	<u>931,846</u>
Net assets - ending	<u><u>\$1,499,964</u></u>	<u><u>\$1,108,442</u></u>	<u><u>\$2,608,406</u></u>	<u><u>\$2,146,113</u></u>

The attached notes and auditors' 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, 2016**

(With comparative totals for the year ended June 30, 2015)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/16	Total Expenses 6/30/15
	Program Services	Management and General	Fundraising			
Salaries	\$672,692	\$139,883	\$364,935	\$504,818	\$1,177,510	\$427,091
Payroll taxes and benefits	94,896	12,084	38,290	50,374	145,270	51,108
Grant expenses	415			0	415	46,567
Professional fees (including in-kind) (Note 6)	346	139,925	346	140,271	140,617	253,367
Media and product development	5,219			0	5,219	1,260
Marketing and advertising (including in-kind) (Note 6)	1,232,943			0	1,232,943	463,924
Content distribution (including in-kind) (Note 6)	1,691,516		12,697	12,697	1,704,213	1,879,077
Office expenses	9,988	3,749	5,811	9,560	19,548	16,068
Moving and office renovation	5,270	1,298	2,022	3,320	8,590	6,525
Technology infrastructure and maintenance	80,357	6,610	28,705	35,315	115,672	41,885
Rent and utilities	38,625	4,949	15,200	20,149	58,774	30,648
Printing and mailing	1,565	2,356	27,155	29,511	31,076	16,292
Travel and entertainment	164,836	3,838	58,232	62,070	226,906	97,294
Insurance	4,476	605	1,857	2,462	6,938	8,231
Special event expenses			19,393	19,393	19,393	9,871
Bank charges		176	16,344	16,520	16,520	15,075
Miscellaneous	16,094	1,580	24,692	26,272	42,366	32,028
Depreciation	239,174	337		337	239,511	230,215
Total expenses	\$4,258,412	\$317,390	\$615,679	\$933,069	\$5,191,481	\$3,626,526

The attached notes and auditors' 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, 2016**

(With comparative totals for the year ended June 30, 2015)

	<u>6/30/16</u>	<u>6/30/15</u>
Cash flows from operating activities:		
Change in net assets	\$462,293	\$1,214,267
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	239,511	230,215
Loss on disposal of fixed assets	22,000	0
Changes in assets and liabilities:		
Contribution receivable	(109,705)	(588,140)
Prepaid expenses and other assets	(63,873)	17,064
Accounts payable and accrued expenses	113,207	21,762
Total adjustments	<u>201,140</u>	<u>(319,099)</u>
Net cash flows provided by operating activities	<u>663,433</u>	<u>895,168</u>
Cash flows from investing activities:		
Purchase of fixed assets	<u>(5,016)</u>	<u>(103,095)</u>
Net cash flows used for investing activities	<u>(5,016)</u>	<u>(103,095)</u>
Net increase in cash and cash equivalents	658,417	792,073
Cash and cash equivalents - beginning of year	<u>1,277,982</u>	<u>485,909</u>
Cash and cash equivalents - end of year	<u><u>\$1,936,399</u></u>	<u><u>\$1,277,982</u></u>
Supplemental disclosures:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditors' 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, 2016

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, 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.

The Foundation has been granted exemption from Federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code.

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 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. Donated 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, 2013 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, 2015, 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 3, 2017, 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
On August 18, 2016, 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, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. The Foundation has not yet evaluated the impact this will have on future statements.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long term leases to be recorded as a liability with a corresponding "right to use asset" on the statement of financial position.

Note 3 - Contributions Receivable

Contributions receivable are due in the following periods:

Year ending: June 30, 2017	\$475,000
June 30, 2018	<u>224,845</u>
	699,845
Less: discount at 1%	<u>(2,000)</u>
Total	<u>\$697,845</u>

Note 4 - Fixed Assets

Fixed assets consist of:

	<u>6/30/16</u>	<u>6/30/15</u>
Computers & equipment (3 years)	\$18,128	\$13,112
Leasehold improvements (3 years)	41,430	41,430
Website - in progress	0	16,250
Public service announcements (3 years)	120,750	120,750
Escalation & curriculum (3 years)	<u>609,757</u>	<u>615,507</u>
	790,065	807,049
Less: accumulated depreciation	<u>(646,700)</u>	<u>(407,189)</u>
Fixed assets - net	<u>\$143,365</u>	<u>\$399,860</u>

Note 5 - Temporarily Restricted Net Assets

Activity in temporarily restricted net assets can summarized as follows:

	<u>June 30, 2016</u>			
	Balance <u>7/1/15</u>	Additions/ <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>6/30/16</u>
Program restrictions:				
Be 1 for Change Program	\$161,049	\$0	(\$161,049)	\$0
Escalation Programming	240,799	0	(240,799)	0
#ThatsNotLove Campaign	0	750,000	(382,735)	367,265
Scholarships	5,283	0	(582)	4,701
Midwest Expansion	0	100,000	(12,815)	87,185
Rollout of Escalation	<u>354,615</u>	<u>100,000</u>	<u>(278,324)</u>	<u>176,291</u>
Total program restrictions	761,746	950,000	(1,076,304)	635,442
Time restrictions	<u>258,000</u>	<u>400,000</u>	<u>(185,000)</u>	<u>473,000</u>
Total	<u>\$1,019,746</u>	<u>\$1,350,000</u>	<u>(\$1,261,304)</u>	<u>\$1,108,442</u>

	<u>June 30, 2015</u>			
	Balance <u>7/1/14</u>	Additions/ <u>Contributions</u>	Released from <u>Restrictions</u>	Balance <u>6/30/15</u>
Program restrictions:				
Be 1 for Change Program	\$379,745	\$0	(\$218,696)	\$161,049
Escalation Programming	496,222	0	(255,423)	240,799
Scholarships	5,702	0	(419)	5,283
Rollout of Escalation	<u>0</u>	<u>510,000</u>	<u>(155,385)</u>	<u>354,615</u>
Total program restrictions	881,669	510,000	(629,923)	761,746
Time restrictions	<u>0</u>	<u>608,000</u>	<u>(350,000)</u>	<u>258,000</u>
Total	<u>\$881,669</u>	<u>\$1,118,000</u>	<u>(\$979,923)</u>	<u>\$1,019,746</u>

Note 6 - Donated Services

Donated services were allocated as follows:

	June 30, 2016			
	Program Services	Management and General	Fundraising	Total
Content Distribution	\$1,348,943	\$0	\$0	\$1,348,943
Professional Fees	0	93,266	0	93,266
Marketing and Advertising	<u>853,911</u>	<u>0</u>	<u>0</u>	<u>853,911</u>
Total	<u>\$2,202,854</u>	<u>\$93,266</u>	<u>\$0</u>	<u>\$2,296,120</u>

	June 30, 2015			
	Program Services	Management and General	Fundraising	Total
Content Distribution	\$1,879,077	\$0	\$0	\$1,879,077
Professional Fees	0	114,047	0	114,047
Marketing and Advertising	<u>436,326</u>	<u>0</u>	<u>0</u>	<u>436,326</u>
Total	<u>\$2,315,403</u>	<u>\$114,047</u>	<u>\$0</u>	<u>\$2,429,450</u>

Donated 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.

Note 7 - Special Events

The special event proceeds are summarized as follows:

	June 30, 2016			
	Church Party	NY Event	Other	Total
Gross revenue	\$119,449	\$398,690	\$66,308	\$584,447
Less: expenses with a direct benefit to donors	<u>(83,882)</u>	<u>(62,215)</u>	<u>(5,532)</u>	<u>(151,629)</u>
	35,567	336,475	60,776	432,818
Less: other event expenses	<u>(750)</u>	<u>(18,615)</u>	<u>(28)</u>	<u>(19,393)</u>
Total	<u>\$34,817</u>	<u>\$317,860</u>	<u>\$60,748</u>	<u>\$413,425</u>

	June 30, 2015			
	Church Party	Brown Event	Other	Total
Gross revenue	\$162,175	\$53,943	\$53,973	\$270,091
Less: expenses with a direct benefit to donors	<u>(117,203)</u>	<u>(33,229)</u>	<u>(18,740)</u>	<u>(169,172)</u>
	44,972	20,714	35,233	100,919
Less: other event expenses	<u>(8,510)</u>	<u>(1,361)</u>	<u>0</u>	<u>(9,871)</u>
Total	<u>\$36,462</u>	<u>\$19,353</u>	<u>\$35,233</u>	<u>\$91,048</u>

Note 8 - Commitments

The Foundation has one non-cancelable lease for office space that expires on April 30, 2018.
The minimum annual commitment is as follows:

Year ending:	June 30, 2017	\$40,000
	June 30, 2018	<u>33,333</u>
Total		<u>\$73,333</u>