

LULU & LEO FUND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

**LULU & LEO FUND
TABLE OF CONTENTS
JUNE 30, 2023**

	Page No.
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-16

RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Lulu & Leo Fund
New York, NY

Opinion

We have audited the accompanying financial statements of Lulu & Leo Fund (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lulu & Leo Fund as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lulu & Leo Fund and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lulu & Leo Fund's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lulu & Leo Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lulu & Leo Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended June 30, 2023, Lulu & Leo Fund adopted Accounting Standards Update 2016-02, *Leases* (Topic 842), using the effective transition method. Our opinion is not modified with respect to this matter.

Rich and Bander, LLP

New York, NY
April 2, 2024

LULU & LEO FUND
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2023

ASSETS

Current assets

Cash and cash equivalents	\$	1,061,708
Accounts receivable		15,000
Grants and contributions receivable		71,727
Total current assets		<u>1,148,435</u>

Noncurrent assets

Intangible assets, net		5,775
Total noncurrent assets		<u>5,775</u>

TOTAL ASSETS	\$	<u><u>1,154,210</u></u>
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LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$	33,278
Total current liabilities		<u>33,278</u>

Net assets

Without donor restrictions		
Undesignated		868,450
Board-designated		252,482
Total without donor restrictions		<u>1,120,932</u>
Total net assets		<u>1,120,932</u>

TOTAL LIABILITIES AND NET ASSETS	\$	<u><u>1,154,210</u></u>
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LULU & LEO FUND
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions Total
	<u> </u>
Revenue and support	
Grants and contributions	
Individuals	\$ 359,871
Special events contributions	317,750
Government	41,665
Foundations	40,162
Contributions of nonfinancial assets	25,000
Corporate	10,655
Total grants and contributions	<u>795,103</u>
Special events	
Special events revenue	61,200
Less: cost of direct benefits to donors	(120,114)
Total special events	<u>(58,914)</u>
Program service revenue	
Workshop income	18,017
Total program service revenue	<u>18,017</u>
Other income	
Interest income	126
Miscellaneous income	36
Total other income	<u>162</u>
Total revenue and support	<u>754,368</u>
Expenses	
Program services	320,116
Supporting services	
Management and general	68,444
Fundraising	170,634
Total expenses	<u>559,194</u>
Change in net assets	195,174
Net assets - beginning of year	925,758
Net assets - end of year	<u><u>\$ 1,120,932</u></u>

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

LULU & LEO FUND
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	2023 Total
Salaries and wages	\$ 143,033	\$ 24,275	\$ 77,803	\$ -	\$ 245,111
Professional and consulting fees	91,413	27,158	45,000	5,540	169,111
Rent	2,058	355	1,135	86,500	90,048
Travel	12,670	-	9,491	28,074	50,235
Marketing	16,810	237	9,864	-	26,911
Payroll taxes	10,882	3,037	5,919	-	19,838
Program development and implementation	18,370	-	-	-	18,370
Credit card processing fees	11	2,701	12,364	-	15,076
Employee benefits	6,999	1,188	3,807	-	11,994
Evaluations and site visits	9,730	-	-	-	9,730
Technology	3,832	2,002	3,180	-	9,014
Office expenses	1,480	922	923	-	3,325
Bad debt expense	-	3,250	-	-	3,250
Website development	-	2,960	-	-	2,960
Amortization	1,218	210	672	-	2,100
Insurance	863	149	476	-	1,488
Program supplies	747	-	-	-	747
	320,116	68,444	170,634	120,114	679,308
Less expenses included with revenues on the statement of activities					
Cost of direct benefits to donors	-	-	-	(120,114)	(120,114)
	\$ 320,116	\$ 68,444	\$ 170,634	\$ -	\$ 559,194

LULU & LEO FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:

Change in net assets	\$ 195,174
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>	
Amortization	2,100
Bad debt expense	3,250
Forgiveness of paycheck protection program	(41,665)
(Increase) decrease in operating assets:	
Accounts receivable	(10,250)
Grants and contributions receivable	(24,358)
Prepaid expenses	8,483
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	1,908
Total adjustments	(60,532)
Net cash provided by operating activities	134,642
Net increase in cash and cash equivalents	134,642
Cash and cash equivalents, beginning of year	927,066
Cash and cash equivalents, end of year	\$ 1,061,708

Supplemental disclosures of cash flow information:

Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

Supplemental disclosures of non-cash activity:

Forgiveness of paycheck protection program	\$ 41,665
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LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

The Lulu & Leo Fund (the “Fund”) was established in memory of Lucia (Lulu) and Leo Krim in October 2012. The Fund was organized as a not-for-profit corporation under the laws of the State of New York. The Fund’s mission is to help educators, children, families and communities develop creative confidence and resilience through its flagship Choose Creativity Initiative and the 10 Principles of Creativity. The Fund currently provides:

Learn with Creative Confidence – Learn with Creative Confidence (LwCC) is a K-6 asset-based curriculum founded on the ideals of a healthy Belief Ecology. The curriculum puts emphasis on developing a student’s values, perspectives and identity, empowering children to generate original ideas, make connections, and problem-solve across a variety of contexts and settings.

The Fund’s programs are supported primarily by foundation, individual and corporate donor contributions as well as workshops revenues.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalent

The Fund considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

Certificates of Deposit

The Fund invests in certificates of deposit (CD) with maturities of 6 months. These investments are stated at cost. The Fund’s CD is recorded under cash and cash equivalents.

Revenue, Revenue Recognition and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. A portion of contributions includes the contribution element of special events. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition and Receivables (Cont'd)

Special Events – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount received is the contribution element, which is recognized immediately as grants and contributions, unless there is a right of return if the special event does not take place.

Costs of Direct Benefits to Donors – The cost of the items and services furnished to donors as inducements to attend the Fund's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities.

Contributed Nonfinancial Assets – The value of services, facilities and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. A number of volunteers have donated significant amounts of their time to the Fund in connection with its programs. A number of volunteers have donated significant amounts of their time to the Fund in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Fund and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

Grants and Contributions Receivable – Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The Fund uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Program Service Revenue – The Fund provides whole school programs, after-school programs and workshops to partner organizations in a per schedule basis. The performance obligation of providing classes and trainings in exchange for workshop income are received at which time the Fund's performance obligation, therefore, the revenue is recognized at a point in time. All program service revenue amounts received in advance of the satisfaction of the performance obligation are deferred to the applicable period.

Accounts Receivable – Accounts receivable represents program service revenue that has been earned but not collected as of the financial statement date at amounts expected to be collected. The Fund uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract Balances

Contract assets are recognized when the Fund has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Fund has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Fund has an obligation to perform services to a customer for which the Fund has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations. The Fund does not have any opening balances for contract assets nor liabilities or such balances for the year ended June 30, 2023

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Computer	3

Intangible Assets

The Fund amortizes intangible assets with finite lives on a straight-line basis over their estimated useful lives. Intangible assets include website development costs that are being amortized using the straight-line method over 5 years.

Marketing

Marketing costs are expensed as incurred.

Income Tax Status

The Fund is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Fund does not have any unrelated business income.

The Fund's Forms 990, *Return of Funds Exempt from Income Tax*, for the years ended June 30, 2022, 2021, and 2020 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Fund has evaluated its current tax positions and has concluded that as of June 30, 2023, the Fund does not have any significant uncertain tax positions for which a reserve would be necessary.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Fund to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Paycheck Protection Program

The Fund has elected to account for the Paycheck Protection Program (“PPP”) loan under Accounting Standards Update (“ASU”) 2018-08 *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) based on management’s continued belief from loan inception to date that forgiveness is probable. In accordance with the standard, the Fund records the cash inflow of the PPP loan as a grant advance liability. The Fund reduces the liability by recognizing government income once the conditions for the grant are substantially met. The Fund has elected to recognize government income when the conditions for the grant are explicitly waived by the Small Business Administration (“SBA”). Loan proceeds expected and not expected to be forgiven are reported on the statement of cash flows as operating activities and financing activities, respectively. No interest or accrued interest expense is recognized.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. The statement of functional expenses presents the natural classification details of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Adoption of Accounting Standard

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new ASU establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the statement of financial position for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. On July 1, 2022, the Fund has adopted ASU 2016-02, using the effective transition method. There were no material changes to the financial statements upon adoption.

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases

The Fund determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Fund does not report ROU assets and leases liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Fund applied practical expedient for short-term lease arrangements.

Recent Accounting Pronouncements

On December 13, 2023, the FASB issued ASU 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments in ASU 2023-08 require that the Fund measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that the Fund provide enhanced disclosures for both annual and interim reporting periods to provide financial statement users with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the requirement to test those assets for impairment. The amendments in ASU 2023-08 are effective for all organizations for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in ASU 2023-09 require greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid. In addition, the amendments require: (1) disclosure of income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (2) disclosure of income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. There are also disclosure requirements that are to be eliminated upon adoption of the amendments. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments are to be applied on a prospective basis and retrospective application is permitted.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements (Cont'd)

In June 2016, the FASB issued guidance FASB Accounting Standards Codification (“ASC”) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivables. Grants and contributions receivable (under contribution model) are scoped out of FASB ASC 326. The application of the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2022.

The Fund is currently evaluating the effect that these updates will have on its financial statements.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated from net assets without donor restrictions, net assets for a board-designated reserve fund.

Net Assets With Donor Restrictions – Net assets subject to donor - (or certain grantor) - imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Fund reports contributions restricted by donors as increases in net assets without donor restrictions, if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

2) FAIR VALUE MEASUREMENTS

The Fund's financial instruments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Fund believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ASC 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; level 2, defined as inputs other than the quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At June 30, 2023, no investments at fair value are noted in the statement of financial position.

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 1,061,708
Grants and contributions receivable	71,727
Accounts receivable	<u>15,000</u>
Total	<u>\$ 1,148,435</u>

As part of the Fund's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4) CERTIFICATE OF DEPOSIT

Investments in certificates of deposit (CD) are stated at cost, which approximates market value. On February 24 2020, the Fund purchased a 6-month term CD of \$250,000, which bears interest of approximately 2.0% with automatic renewal. As at June 30, 2023, the Fund's CD will mature on August 24, 2023.

The interest income earned on the CD amounted to \$126. As of June 30, 2023, the CD amounted to \$252,482 and was included in cash and cash equivalents.

5) MARKETING COSTS

For the year ended June 30, 2023, marketing costs were \$26,911.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

6) ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023 totaled \$15,000. These amounts are generally collected within one year. The Fund believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

7) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at June 30, 2023 consists of the following:

Lincoln Fund	\$ 20,000
Kirkland & Ellis, LLP	15,000
Hyundai	15,000
Kara Swisher	10,000
Maura Miller	5,000
Various	<u>6,727</u>
Total	<u>\$ 71,727</u>

These amounts are generally collected within one year. The Fund believes its receivables are to be fully collectible. Accordingly, the Fund has determined that no allowance for doubtful accounts is necessary. During the year ended June 30, 2023, grants and contributions receivable amounting to \$3,250 were specifically identified as uncollectible and written off to bad debt expense.

8) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2023. There was no depreciation expense for the year then ended.

Computers	\$ 3,906
Less: accumulated depreciation	<u>3,906</u>
	<u>\$ -</u>

9) INTANGIBLE ASSETS

The following is a summary of intangible assets less accumulated amortization as of June 30, 2023. Amortization expense for the year then ended was \$2,100.

Website	\$ 10,500
Less: accumulated amortization	<u>4,725</u>
	<u>\$ 5,775</u>

10) CONCENTRATION OF RISKS

The Fund maintains its cash balances at various financial institutions. The balances, at times, may exceed federally insured limits. As of June 30, 2023, uninsured cash balances totaled \$566,163. The Fund has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

10) CONCENTRATION OF RISKS (CONT'D)

As of June 30, 2023, approximately 28% of the grants and contributions receivable is from one donor. The concentration from the contributor does not make the Fund vulnerable to a risk of severe near-term impact because the Fund only spends money according to the amount received from the contributors and other revenue.

11) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the revenue from the Fund's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended June 30, 2023:

Revenue recognized at a point in time:	
Special events (exchange portion)	\$ 61,200
Workshop income	<u>18,017</u>
Total revenue recognized at a point in time	<u>79,217</u>
Total revenue from contracts with customers	<u>\$ 79,217</u>

12) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Fund. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, employee benefits, and certain office expenses, which are allocated on the basis of estimates of time and effort, as well as amortization, insurance and rent expense which are allocated on a square-footage basis.

13) GRANT ADVANCE – PAYCHECK PROTECTION PROGRAM

In March 2021, the Fund was approved for a second round of loan proceeds in the amount of \$41,665 having an interest rate of 1% and maturity of 2 years from Chase Bank, pursuant to PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), and administered by the SBA. As described in the CARES Act, the PPP loan and accrued interest are forgivable if they are used for qualifying expenses such as payroll, benefits, rent and utilities, and maintains its payroll levels.

On August 22, 2022, Chase Bank notified the Fund that the SBA approved forgiveness of the entire PPP loan. The Fund is required to maintain PPP documentation for six years and must furnish them to SBA and/or Chase Bank upon request.

14) CONTRIBUTED NONFINANCIAL ASSETS

During the year ended June 30, 2023, the Organization received contributed nonfinancial assets in the form of videography services with fair value of \$25,000 and have been reflected in the statement of activities.

LULU & LEO FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 2, 2024, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.