

**LULU & LEO FUND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2024**

**LULU & LEO FUND  
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**RICH AND BANDER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**PETER R. RICH, CPA**

**JONATHAN A. BANDER, CPA**

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
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, 2024, 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, 2024, 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, 2024, Lulu & Leo Fund adopted Accounting Standards Board Accounting Standards Codification 326, *Financial Instruments – Credit Losses*, using the effective transition method. Our opinion is not modified with respect to this matter.

*Rich and Bander, LLP*

New York, NY  
March 14, 2025

**RICH AND BANDER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**LULU & LEO FUND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2024**

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**ASSETS**

**Current assets**

Cash and cash equivalents	\$ 789,218
Certificates of deposit	516,292
Accounts receivable	6,000
Grants and contributions receivable	147,473
<b>Total current assets</b>	<b><u>1,458,983</u></b>

**Noncurrent assets**

Property and equipment, net	3,055
Intangible assets, net	3,675
<b>Total noncurrent assets</b>	<b><u>6,730</u></b>

<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,465,713</u></u></b>
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**LIABILITIES AND NET ASSETS**

**LIABILITIES**

**Current liabilities**

Accounts payable and accrued expenses	\$ 57,884
<b>Total current liabilities</b>	<b><u>57,884</u></b>

<b>TOTAL LIABILITIES</b>	<b><u>57,884</u></b>
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**NET ASSETS**

Without donor restrictions	
Undesignated	891,537
Board-designated	516,292
Total without donor restrictions	1,407,829
<b>TOTAL NET ASSETS</b>	<b><u>1,407,829</u></b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,465,713</u></u></b>
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**LULU & LEO FUND**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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	<b>Without Donor Restrictions</b>
<b>Revenue and support</b>	
<b>Grants and contributions</b>	
Special events contributions	\$ 528,750
Individuals	313,607
Contributed nonfinancial assets	74,245
Foundations	55,000
Corporate	28,000
<b>Total grants and contributions</b>	<b>999,602</b>
<b>Special events</b>	
Special events revenue	83,000
Less: cost of direct benefits to donors	(146,200)
<b>Total special events</b>	<b>(63,200)</b>
<b>Program service revenue</b>	
Workshop income	6,000
<b>Total program service revenue</b>	<b>6,000</b>
<b>Other income</b>	
Interest income	16,355
Miscellaneous income	536
<b>Total other income</b>	<b>16,891</b>
<b>Total revenue and support</b>	<b>959,293</b>
<b>Expenses</b>	
<b>Program services</b>	307,881
<b>Supporting services</b>	
Management and general	125,998
Fundraising	238,517
<b>Total expenses</b>	<b>672,396</b>
<b>Change in net assets</b>	286,897
<b>Net assets - beginning of year</b>	1,120,932
<b>Net assets - end of year</b>	<b>\$ 1,407,829</b>

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

**LULU & LEO FUND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Cost of Direct Benefits to Donors</b>	<b>Total</b>
<b>Professional and consulting fees</b>	\$ 115,269	\$ 32,869	\$ 124,245	\$ 23,300	\$ 295,683
<b>Salaries and wages</b>	97,488	66,613	59,466	-	223,567
<b>Rent</b>	2,771	1,894	1,691	92,685	99,041
<b>Travel</b>	17,460	662	21,324	30,215	69,661
<b>Program development and implementation</b>	24,008	414	-	-	24,422
<b>Credit card processing fees</b>	5,847	-	12,813	-	18,660
<b>Payroll taxes</b>	7,417	6,284	4,524	-	18,225
<b>Marketing</b>	12,623	-	4,381	-	17,004
<b>Technology</b>	6,619	-	6,683	-	13,302
<b>Evaluations and site visits</b>	11,190	-	-	-	11,190
<b>Bad debt expense</b>	-	10,000	-	-	10,000
<b>Employee benefits</b>	3,367	2,875	2,082	-	8,324
<b>Depreciation and amortization</b>	1,237	845	755	-	2,837
<b>Website development</b>	-	2,133	-	-	2,133
<b>Insurance</b>	716	490	437	-	1,643
<b>Program supplies</b>	1,174	-	-	-	1,174
<b>Office expenses</b>	602	379	116	-	1,097
<b>Miscellaneous expense</b>	93	540	-	-	633
	<b>307,881</b>	<b>125,998</b>	<b>238,517</b>	<b>146,200</b>	<b>818,596</b>
<b>Less expenses included with revenues on the statement of activities</b>					
<b>Cost of direct benefits to donors</b>	-	-	-	(146,200)	(146,200)
	<b>\$ 307,881</b>	<b>\$ 125,998</b>	<b>\$ 238,517</b>	<b>\$ -</b>	<b>\$ 672,396</b>

**LULU & LEO FUND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**Cash flows from operating activities:**

Change in net assets	\$ 286,897
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>	
Depreciation and amortization	2,837
Bad debt expense	10,000
(Increase) decrease in operating assets:	
Certificates of deposit	(516,292)
Accounts receivable	(1,000)
Grants and contributions receivable	(75,746)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	24,606
Total adjustments	<u>(555,595)</u>
<b>Net cash provided by operating activities</b>	<u><b>(268,698)</b></u>

**Cash flows from investing activities:**

Purchase of equipment	<u>(3,792)</u>
<b>Net cash used in investing activities</b>	<u><b>(3,792)</b></u>

**Net increase in cash and cash equivalents** (272,490)

**Cash and cash equivalents, beginning of year** 1,061,708

**Cash and cash equivalents, end of year** \$ 789,218

**Supplemental disclosures of cash flow information:**

Cash paid during the year for:	
Interest	<u>\$ -</u>
Income taxes	<u>\$ -</u>

**LULU & LEO FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**1) 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 incorporated in the State of Delaware as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code. 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.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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”).

*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.

*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.

*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, 2024**

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**2) 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, 2024**

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**2) 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, 2024.

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, 2023, 2022, and 2021 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, 2024, 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, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Certificates of Deposit*

The Fund invests in certificates of deposit (CD) with maturities of 6 months. These investments are stated at cost.

*Functional Allocation of 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 depreciation and amortization, insurance and rent expense which are allocated on a square-footage basis.

*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.

*Allowance for Credit Losses*

The Fund operates in the nonprofit industry and its accounts receivables are generally derived from program service revenues. At each statement of financial position date, the Fund recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Fund's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Fund. The Fund believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Fund's portfolio segment(s) have remained constant since the Fund's inception. As of June 30, 2024, no allowance for credit losses has been recognized.

The Fund writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. The Fund wrote off uncollectible accounts totaling to \$10,000 to the financial statements for the year ended June 30, 2024.

**LULU & LEO FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

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.

Adoption of Accounting Standard

In June 2016, the Financial Accounting Standards Board (“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 Fund 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. On July 1, 2023, the Fund adopted FASB ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Recent Accounting Pronouncements*

On December 13, 2023, the FASB issued Accounting Standards Update (“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 Funds 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.

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

**3) 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.

**LULU & LEO FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**3) FAIR VALUE MEASUREMENTS (CONT'D)**

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, 2024, no investments at fair value are noted in the statement of financial position.

**4) 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	\$ 789,218
Certificates of deposit	516,292
Grants and contributions receivable	147,473
Accounts receivable	6,000
Total	<u>\$ 1,458,983</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.

**5) CERTIFICATES 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 bore interest of approximately 2.0% with automatic renewal. The CD matured and was withdrawn on August 24, 2023.

On November 3, 2023, the Fund purchased a 6-month term CD in the amount of \$500,000, with an interest rate of approximately 4.88%. The CD included an automatic renewal feature, and upon reaching its original maturity date of May 3, 2024, it was automatically renewed for an additional term.

The interest income earned on the CD amounted to \$16,355. As of June 30, 2024, the CD amounted to \$516,292.

**6) MARKETING COSTS**

For the year ended June 30, 2024, marketing costs were \$17,004.

**LULU & LEO FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**7) ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2024 totaled \$6,000. 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.

**8) GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable at June 30, 2024 consists of the following:

Disney	\$ 50,000
Lincoln Fund	25,000
Google, Inc.	15,100
Group M	15,000
JP Morgan Chase	15,000
Stephenson, Robert	10,000
Hassan, Carla	5,000
Miller, Maura	5,000
Various	<u>7,373</u>
Total	<u>\$ 147,473</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, 2024, grants and contributions receivable amounting to \$10,000 were specifically identified as uncollectible and written off to bad debt expense.

**9) PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment less accumulated depreciation as of June 30, 2024. Depreciation expense for the year then ended was \$737.

Computers	\$ 7,698
Less: accumulated depreciation	<u>4,643</u>
	<u>\$ 3,055</u>

**10) INTANGIBLE ASSETS**

The following is a summary of intangible assets less accumulated amortization as of June 30, 2024. Amortization expense for the year then ended was \$2,100.

Website	\$ 10,500
Less: accumulated amortization	<u>6,825</u>
	<u>\$ 3,675</u>

**LULU & LEO FUND**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024**

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**11) 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, 2024, uninsured cash balances totaled \$1,055,510. 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.

As of June 30, 2024, approximately 34% 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.

**12) 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, 2024:

Revenue recognized at a point in time:	
Special events (exchange portion)	\$ 83,000
Workshop income	<u>6,000</u>
Total revenue recognized at a point in time	<u>89,000</u>
Total revenue from contracts with customers	<u>\$ 89,000</u>

**13) CONTRIBUTED NONFINANCIAL ASSETS**

During the year ended June 30, 2024, the Fund received contributed nonfinancial assets in the form of videography services with fair value of \$74,245 and have been reflected in the statement of activities.

**14) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 14, 2025, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.