SPECIAL LOVE, INC.

Winchester, Virginia

FINANCIAL REPORT

December 31, 2023

Financial Statements

SPECIAL LOVE, INC.

Years Ended December 31, 2023 and 2022

SPECIAL LOVE, INC.
Winchester, Virginia

CONTENT
December 31, 2023 and 2022

RUTHERFORD & JOHNSON, P.C.
Certified Public Accountants & Business Advisors

116 Medical Circle
Winchester, Virginia 22601

Independent Auditor's Report

To the Officers and Board of Directors
Special Love, Inc.
Winchester Virginia 22601

We have audited the accompanying financial statements of Special Love, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Special Love, Inc. as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with the 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 Special Love, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparation of the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Love, Inc.'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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 responsible 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 Special Love, Inc.'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 evaluated the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Special Love, Inc.'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.

Rutherford & Johnson, P.C.

RUTHERFORD & JOHNSON, P.C.

Winchester, Virginia

August 29, 2024

SPECIAL LOVE, INC.
Winchester, Virginia

STATEMENTS OF FINANCIAL POSITION

EXHIBIT "A"

ASSETS

	December 31, 2023		December 31, 2022	
CURRENT ASSETS:				
Cash and cash equivalents	$	153 683	$	844 452
Accounts receivable		132 714		-
Note receivable		105 444		-
Pledge receivable current		50 000		-
Prepaid expenses		30 126		34 405
TOTAL CURRENT ASSETS		471 967		878 857
PROPERTY AND EQUIPMENT:				
Property and equipment, at cost, net of accumulated depreciation and amortization of $103,061 and $92,182		34 667		42 726
OTHER ASSETS:				
Pledge receivable noncurrent		48 120		-
Operating lease right of use assets		36 895		54 457
Other assets		7 198		7 198
Investments		4 333 847		2 441 965
TOTAL OTHER ASSETS		4 426 060		2 503 620
TOTAL ASSETS	$	4 932 694	$	3 425 203

LIABILITIES AND NET ASSETS

	December 31, 2023		December 31, 2022	
CURRENT LIABILITIES:				
Accounts payable and accrued liabilities	$	14 991	$	1 642
Deferred revenue		10 000		9 155
Current obligations under leases		19 820		18 691
TOTAL CURRENT LIABILITIES		44 811		29 488
LONG-TERM LIABILITIES:				
Obligations under leases		21 938		41 759
TOTAL LONG-TERM LIABILITIES		21 938		41 759
TOTAL LIABILITIES		66 749		71 247
NET ASSETS:				
Without donor restrictions		3 546 905		3 121 210
With donor restrictions		1 319 040		232 746
TOTAL NET ASSETS		4 865 945		3 353 956
TOTAL LIABILITIES AND NET ASSETS	$	4 932 694	$	3 425 203

(See accompanying Notes to Financial Statements.)

EXHIBIT "B"

	Year Ended December 31, 2023			Year Ended December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
BRASS activity fees and donations	$ 135 675	$ -	$ 135 675	$ -	$ -	$ -
Camp Fantastic fees and donations	183 579	118 684	302 263	-	63 960	63 960
Contributed services, materials and stock	181 297	-	181 297	38 489	-	38 489
Donations - general	391 394	1040 759	1432 153	435 212	46 125	481 337
Rebuild Virginia Grant	-	-	-	100 000	-	100 000
Contributions from special events, net of direct costs of $150,864 and $159,536	491 315	-	491 315	448 896	-	448 896
Investment return, net of investment expenses of $8,338 and $0	409 206	14 633	423 839	-	-	-
Weekend fees and donations	51 254	-	51 254	8 080	12 170	20 250
Other income	2 909	-	2 909	4 429	-	4 429
Net assets released from restrictions	87 782	(87 782)	-	6 619	(6 619)	-
TOTAL SUPPORT AND REVENUE	1 934 411	1 086 294	3 020 705	1 041 725	115 636	1 157 361
EXPENSES AND LOSSES:						
Program services	1 077 297	-	1 077 297	642 086	-	642 086
Administration	261 370	-	261 370	197 441	-	197 441
Fundraising	170 049	-	170 049	131 629	-	131 629
Loss on investment return net of investment expenses of $7,972	-	-	-	250 127	32 710	282 837
TOTAL EXPENSES AND LOSSES	1 508 716	-	1 508 716	1 221 283	32 710	1 253 993
CHANGES IN NET ASSETS	425 695	1 086 294	1 511 989	(179 558)	82 926	(96 632)
NET ASSETS BEGINNING OF YEAR	3 121 210	232 746	3 353 956	3 300 768	149 820	3 450 588
NET ASSETS END OF YEAR	$ 3 546 905	$ 1 319 040	$ 4 865 945	$ 3 121 210	$ 232 746	$ 3 353 956

(See accompanying Notes to Financial Statements.)

EXHIBIT "C"

	Year Ended December 31, 2023								
	Camp Fantastic	BRASS Activities	Weekends	Other Activities	Total Program Services	Special Events	Administration	Fundraising	Total
Salaries	$ 130 302	$ 97 637	$ 67 636	$ 40 584	$ 336 159	$ -	$ 105 810	$ 110 643	$ 552 612
Benefits	17 053	12 779	8 852	5 308	43 992	-	13 850	14 478	72 320
Payroll taxes	9 985	7 483	5 183	3 108	25 759	-	8 110	8 478	42 347
Total Salaries and Related Benefits	157 340	117 899	81 671	49 000	405 910	-	127 770	133 599	667 279
Advertising	-	-	-	-	-	-	4 486	2 419	6 905
Depreciation and amortization	2 565	1 922	1 332	799	6 618	-	2 083	2 178	10 879
Emergency relief fund	-	-	-	43 016	43 016	-	-	-	43 016
Equipment rental	-	-	-	-	-	25 157	-	-	25 157
Food and lodging	74 358	50 633	106 125	14 012	245 128	64 591	6 600	4 547	320 866
Insurance	3 530	2 353	5 294	-	11 177	1 645	4 175	-	16 997
Interest	-	-	-	-	-	-	598	-	598
Investment expenses					-	-	8 338	-	8 338
Medical staff	158 428	-	-	-	158 428	-	-	-	158 428
Office utilities and rent	8 078	4 213	4 637	1 750	18 678	-	11 610	4 774	35 062
Other	9 803	1 025	14 630	2 866	28 324	-	40 333	11 974	80 631
Postage and delivery	337	50	14	943	1 344	1 101	2 914	4 624	9 983
Printing and copying	809		367		1 176	593	7 014	5 421	14 204
Professional fees	-	-	-	-	-	-	49 445	-	49 445
Scholarships	-	-	-	54 500	54 500	-	-	415	54 915
Supplies	7 799	5 521	2 212	2 063	17 595	15 975	3 343	-	36 913
Tickets and special events	17 926	9 707	27 507	3 028	58 168	41 613	-	-	99 781
Transportation	17 221	9 828	168	18	27 235	189	999	98	28 521
Subtotal	300 854	85 252	162 286	122 995	671 387	150 864	141 938	36 450	1 000 639
Less: Expenses included with revenues	-	-	-	-	-	(150 864)	(8 338)	-	(159 202)
TOTAL FUNCTIONAL EXPENSES	$ 458 194	$ 203 151	$ 243 957	$ 171 995	$ 1 077 297	$ -	$ 261 370	$ 170 049	$ 1 508 716

(See accompanying Notes to Financial Statements.)

SPECIAL LOVE, INC.
Winchester, Virginia

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT "C"

	Year Ended December 31, 2022								
	Camp Fantastic	BRASS Activities	Weekends	Other Activities	Total Program Services	Special Events	Administration	Fundraising	Total
Salaries	$ 79 315	$ 61 703	$ 53 247	$ 114 811	$ 309 076	$ -	$ 91 729	$ 99 557	$ 500 362
Benefits	16 824	12 759	-	22 623	52 206	-	15 259	13 186	80 651
Payroll taxes	8 023	6 085	-	10 788	24 896	-	7 276	6 292	38 464
Total Salaries and Related Benefits	104 162	80 547	53 247	148 222	386 178	-	114 264	119 035	619 477
Advertising	-	-	-	-	-	-	-	1 375	1 375
Depreciation and amortization	1 740	1 319	-	2 339	5 398	-	1 578	1 364	8 340
Equipment rental	-	-	-	-	-	9 048	-	-	-
Emergency relief fund	-	-	-	57 689	57 689	-	-	-	57 689
Food and lodging	79	5 932	41 732	17 328	65 071	65 800	4 824	90	69 985
Insurance	2 708	2 798	4 405	596	10 507	1 454	2 965	-	13 472
Interest	-	-	-	-	-	-	750	-	750
Investment expenses	-	-	-	-	-	-	7 972	-	7 972
Office utilities and rent	8 164	4 622	1 305	7 366	21 457	-	9 345	4 212	35 014
Other	445	338	6 215	13 208	20 206	400	25 671	403	46 280
Postage and delivery	301	193	140	2 237	2 871	514	1 908	776	5 555
Printing and copying	-	-	128	182	310	2 369	8 275	4 187	12 772
Professional fees	-	-	-	-	-	-	18 574	-	18 574
Scholarships	-	-	-	42 540	42 540	-	-	-	42 540
Supplies	10	648	1 312	6 379	8 349	33 572	8 400	87	16 836
Tickets and special events	709	3 068	9 169	1 969	14 915	46 126	-	-	14 915
Transportation	-	5 756	267	572	6 595	253	887	100	7 582
Subtotal	14 156	24 674	64 673	152 405	255 908	159 536	91 149	12 594	359 651
Less: Expenses included with revenues	-	-	-	-	-	(159 536)	(7 972)	-	(7 972)
TOTAL FUNCTIONAL EXPENSES	$ 118 318	$ 105 221	$ 117 920	$ 300 627	$ 642 086	$ -	$ 197 441	$ 131 629	$ 971 156

(See accompanying Notes to Financial Statements.)

SPECIAL LOVE, INC.
Winchester, Virginia

STATEMENTS OF CASH FLOWS

EXHIBIT "D"

	Year Ended December 31, 2023	Year Ended December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 1 511 989	$ (96 632)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	10 879	8 340
Change in operating lease assets and liabilities	192	561
Realized/unrealized gain on sale of investments	(280 338)	317 888
(Increase) decrease in assets:		
Contributions receivable	(132 714)	-
Note receivable	(105 444)	-
Pledge receivable	(98 120)	-
Prepaid expenses	4 279	(9 783)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	13 349	(967)
Deferred revenue	845	8 116
NET CASH FROM OPERATING ACTIVITIES	924 917	227 523
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2 705 113)	(1 589 508)
Purchase of fixed assets	(2 820)	(37 025)
Proceeds from sales of investments	1 093 569	1 726 799
NET CASH FROM INVESTING ACTIVITIES	(1 614 364)	100 266
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on lease payable	(1 322)	(1 169)
NET CASH FROM FINANCING ACTIVITIES	(1 322)	(1 169)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(690 769)	326 620
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	844 452	517 832
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 153 683	$ 844 452

(See accompanying Notes to Financial Statements.)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of the Organization

The Organization enriches the lives of children with cancer by providing quality programs, such as Camp Fantastic and BRASS Camp, where patients and their families can enjoy normal camping activities and develop a network of support in their fight against cancer. The camping programs are open to anyone in the United States. Primarily, the participants come from Virginia, Maryland and the District of Columbia. The Organization also provides emergency financial relief to camp families, as well as scholarships toward post-secondary education for past and present young adult campers.

The accounting policies of the Organization are the principles of accounting and the methods of applying those principles which the Board feels are most appropriate in preparing the financial statements. The policies adopted can significantly affect the Organization's reported results of operations. To facilitate an understanding of the data presented in the financial statements, the significant accounting policies are summarized below.

Basis of Accounting

The financial statements of Special Love, Inc. have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

Contributions

Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Financial Statement Presentations

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:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

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 endowment.

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 that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization 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 statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted gifts in the accompanying financial statements.

Fair Value Measurements

FASB ASC 820-10 regarding fair value measurements clarifies the definition of fair value for financial reporting and established three-tier hierarchy as a framework for measuring fair value, which requires an entity to give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when measuring fair value. The standard also requires additional disclosure about the use of fair value measurements.

Fair value is defined as the price to sell an asset or transfer a liability between market participants as of the measurement date. The three levels of the fair value hierarchy under this standard are as follows:

- Level 1 – Inputs are unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs are inputs other than quoted prices included within Level 1 that are directly or indirectly observable, such as quoted prices for similar instruments in active markets, or quoted prices for identical or similar instruments in inactive markets.
- Level 3 – Inputs are unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from techniques in which one or more significant value drivers are observable.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Statements of Functional Expenses. The Statements of Functional Expenses present the natural classification detail of expenses by function. Most costs have been allocated by specific identification; however, certain costs have been allocated among the programs and supporting services benefited.

Property and Equipment

The Organization capitalizes equipment expenditures in excess of $500. Property and equipment are stated at cost or fair value at the date of gift. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property and equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Pledges Receivable

Pledge receivable are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Pledges that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

The provision for uncollectible pledges is based upon prior experience and management's judgment of the collectability of the accounts.

Donated Material, Equipment and Services

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. The Organization receives the services of medical professionals which are recorded at their fair market value. The value of contributed services not meeting the requirement for recognition in the financial statements has not been recorded. A substantial number of volunteers donate significant amounts of their time in the Organization's program and supporting services.

Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Generally, the Organization's tax returns remain open for three years for federal income tax examinations.

Revenue Recognition

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-19, "Revenue from Contracts with Customers (Topic 606)." Topic 606 supersedes the revenue recognition requirements in "Revenue Recognition (Topic 605)" and requires entities to recognize revenue when control of the promised goods or service is transferred to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The organization adopted Topic 606 as of January 1, 2020.

The organization recognizes revenue in accordance with ASC Topic 606. This standard provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligation in the contracts
- Recognize revenue when or as performance obligations are satisfied

Nature of Product or Services

Fees are recognized by the Organization as exchange transactions with clients are recognized at a single point upon receipt when all risks and rewards transfer. Funds received in advance of satisfying contractual performance are recorded as deferred revenue in the statement of financial position.

Transaction Price

Transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring goods and services to the customer.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contract Balances

The Organization records accounts receivable when it has the unconditional right to issue an invoice and receive payment. If consideration is received and revenue has not been recognized, a contract liability (deferred revenue) is recorded.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying Financial Statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Advertising

The Organization expenses the cost of advertising as incurred.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use ("ROU") assets, other current liabilities, and operating leases liabilities on the Statements of Financial Position. Finance leases are included in property and equipment, other current liabilities, and other liabilities in the Statements of Financial Position.

ROU lease assets represent the Organization's right to use an underlying asset for the lease term and lease obligations represent the obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit rate, the Organization uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The ROU lease asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

2. LIQUIDITY AND AVAILABILITY:

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

	2023	2022
Total financial assets	$ 4 775 688	$ 3 286 417
Donor-imposed restrictions:		
Funds subject to specific purpose restrictions	(1 227 014)	(153 460)
Endowments	(92 026)	(79 286)
Net financial assets after donor-imposed restrictions	3 456 648	3 053 671
Less: Board-designated funds	(3 059 339)	(2 352 112)
Financial assets available to meet cash needs for general expenditures within one year	$ 397 309	$ 701 559

The endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The board-designated endowment is subject to an annual spending rate of 5% as described in Note 7. The Organization does not intend to spend from the board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation); however, these amounts could be made available for general expenditure if necessary.

Any deficit between the financial assets available for general expenditure and the Organization's budgeted expenses for the following year is expected to be satisfied through program revenues, contributions, fees and special event revenues to be received throughout the year. It is expected that for the duration of the coronavirus pandemic, the organization will conduct more virtual program-related events rather than the usual in-person events.

3. CASH CONCENTRATIONS:

The Organization maintains its cash accounts at a financial institution in Virginia, which are insured by the FDIC up to $250,000 per institution. At December 31, 2023 and 2022 the cash balances exceeded FDIC coverage by $0 and $585,804 respectively.

4. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	2023	2022	Depreciable Lives
Vehicles	$ 46 084	$ 46 084	5 years
Office equipment	76 644	73 824	5-10 years
Promotional videos	15 000	15 000	5 years
	137 728	134 908	
Less: accumulated depreciation and amortization	(103 061)	(92 182)	
Net Property and Equipment	$ 34 667	$ 42 726	

Depreciation expense was $10,879 and $8,340 for the years ended December 31, 2023 and 2022, respectively.

5. NOTE RECEIVABLE

On April 25, 2023 the organization entered into an agreement with the Northern Virginia 4-H Center to make a one-time no interest loan up to the amount of $111,191. The repayment was due on or before December 31, 2023. The Northern Virginia 4-H Center is currently in default. The agreement states that any unpaid amount owed by the 4-H Center after December 31, 2023 shall be applied to any amounts owed by Special Love to the 4-H Center for use of any of the 4-H Center's facilities. The 4-H Center is anticipating the receipt of insurance proceeds to cover the loan. Management currently considers the note fully collectible.

As of December 31, 2023 note receivable consisted of the following:

	2023
Northern Virginia 4-H Center	$ 105 444
	$ 105 444

6. PLEDGE RECEIVABLE

Pledge receivable at December 31, 2023 is summarized as follows:

	2023
Total pledge receivable outstanding	$ 100 000
Less: Unamortized discount to present value	(1 880)
Total pledges receivable , net	$ 98 120
Less Current portion of pledge receivable	50 000
Noncurrent portion of pledge receivable	$ 48 120

Pledges receivable due subsequent to December 31, 2023

2024	$ 50 000
2025	48 120
Total payments on pledges receivable	$ 98 120

7. IN-KIND CONTRIBUTIONS:

The Organization recognized in-kind contributions summarized as follows:

	2023	2022
Stock donation	$ 1 009 454	$ 4 973
Medical care, supplies, transportation, meals and other services provided at Organization events	181 297	33 516
	$ 1 190 751	$ 38 489

8. INVESTMENTS:

Investments consist primarily of money market funds, mutual funds, bond funds and equity funds reported at fair value as follows:

	December 31, 2023		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash management fund	$ 1 012 844	$ 1 012 844	$ -
Bond funds	775 984	743 431	(32 553)
Equity funds	2 251 977	2 577 572	325 595
	$ 4 040 805	$ 4 333 847	$ 293 042

	December 31, 2022		
	Cost	Fair Value	Unrealized Appreciation (Depreciation)
Cash management fund	$ 2 694	$ 2 694	$ -
Bond funds	758 824	594 329	(164 495)
Equity funds	1 706 464	1 844 942	138 478
	$ 2 467 982	$ 2 441 965	$ (26 017)

The fair value of all available for sale marketable securities has been measured on a recurring basis using Level 1 inputs.

Investments of $3,220,357 and $2,352,111 as of December 31, 2023 and 2022, respectively, represent board designated amounts set aside in prior years for the purpose of establishing a board designated general endowment fund to support the mission of the Organization. Investments of $83,773 and $78,663 as of December 31, 2023 and 2022, respectively, represents the Organization's donor restricted endowment fund that is perpetual in nature. Investment of $1,021,733 and $10,567 as of December 31, 2023 and 2022, respectively, represents the Organization's temporarily restricted fund. The remainder of investments, which is $7,984 and $623 as of December 31, 2023 and 2022, respectively, is the earnings of the donor designated endowment fund that have not yet been appropriated for expenditure by the board.

8. INVESTMENTS: (Continued)

Investment return consists of the following:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	$ 110 040	$ 41 799	$ 151 839
Fees	(8 211)	(127)	(8 338)
Investment Earnings	101 829	41 672	143 501
Net realized and unrealized gains	266 416	13 922	280 338
Investment Return before Appropriations	368 245	55 594	423 839
Appropriations	40 961	(40 961)	-
Total Investment Return	$ 409 206	$ 14 633	$ 423 839

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Dividend and interest income	$ 85 972	$ 987	$ 86 959
Fees	(7 656)	(316)	(7 972)
Investment Earnings	78 316	671	78 987
Net realized and unrealized gains	(349 449)	(12 375)	(361 824)
Investment Return before Appropriations	(271 133)	(11 704)	(282 837)
Appropriations	21 006	(21 006)	-
Total Investment Return	$ (250 127)	$ (32 710)	$ (282 837)

Expenses related to investment revenues, including custodial fees and investment advisory fees, are netted against investment revenues in the accompanying Statements of Activities. For the years ending December 31, 2023 and 2022, the fees were $8,338 and $7,972.

9. NET ASSETS WITH AND WITHOUT DONOR RESTRICTIONS:

Net Assets Without Donor Restrictions

A portion of the Net Assets Without Donor Restrictions has been designated by the Board of Directors to be used as a general endowment. Designations are voluntary, board-approved segregations of unrestricted net assets for specific purposes and are used as an aid in planning future expenditures. Information regarding the components of net assets without donor restrictions is as follows:

	2023	2022
Board-designated endowment funds	$ 3 220 357	$ 2 352 112
Other net assets	326 548	769 098
Total Net Assets Without Donor Restrictions	$ 3 546 905	$ 3 121 210

Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

	2023	2022
Subject to expenditure for specified purpose:		
Amey Family Funds	$ 1 010 020	$ -
Camp Fantastic	118 684	82 362
Emergency Financial Fund	29 436	-
Hope Scholarship	17 624	14 428
Hayden Scholarships	40 500	44 500
Summer Celebration	10 750	10 750
Reunion	-	1 420
	1 227 014	153 460
Endowments:		
Subject to NFP endowment spending policy and appropriation:		
Donor-restricted endowment	92 026	79 286
Total Net Assets With Donor Restrictions	$ 1 319 040	$ 232 746

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2023 and 2022.

10. ENDOWMENT FUNDS:

The Organization's endowment (donor-restricted and board-designated) is to be held indefinitely, and the income from the assets can be used to support the Organization's general activities. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Absent explicit donor stipulations to the contrary, the Board of Directors of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. As a result of this interpretation, the Organization classifies as net assets with donor restrictions - perpetual in nature (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions - subjective to NFP endowment spending policy and appropriations, until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by that standard. In accordance with that standard, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

Adoption of UPMIFA

The Commonwealth of Virginia enacted UPMIFA effective July 1, 2008, the provisions of which apply to endowment funds existing on or established after that date. The Board of Directors has determined that the majority of the Organization's net assets with donor restrictions meet the definition of endowment funds under UPMIFA.

Investment Return Objectives, Risk Parameters and Strategies

The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to preserve the long-term real purchasing power of the endowment funds while realizing appropriate investment income. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. The investment strategy for the endowment funds is balanced – stock/fixed income ratio of 60/40. This strategy allows for capital preservation while concurrently maximizing fund growth. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset

10. ENDOWMENT FUNDS: (Continued)

classes and strategies are managed to not expose the fund to unacceptable levels of risk. Actual returns in any given year may vary from this amount.

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its endowment fund, if needed to sustain the operations of the Organization. If a distribution is not needed, the Organization does not draw on its endowment fund.

Endowment net asset composition by type of fund is as follows:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 92 026	$ 92 026
Board-designated endowment funds	3 220 357	-	3 220 357
Total Funds	$ 3 220 357	$ 92 026	$ 3 312 383

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 79 286	$ 79 286
Board-designated endowment funds	2 352 112	-	2 352 112
Total Funds	$ 2 352 112	$ 79 286	$ 2 431 398

10. ENDOWMENT FUNDS: (Continued)

Changes in endowment net assets are as follows:

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 2 352 112	$ 79 286	$ 2 431 398
Contributions	-	294	294
Investment income	110 040	738	110 778
Fees	(8 211)	(92)	(8 303)
Net appreciation (realized and unrealized)	266 416	12 537	278 953
Net transfers	500 000	(737)	499 263
Endowment Net Assets, End of Year	$ 3 220 357	$ 92 026	$ 3 312 383

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 2 785 127	$ 112 017	$ 2 897 144
Contributions	-	-	-
Investment income	85 972	987	86 959
Fees	(7 656)	(316)	(7 972)
Net appreciation (realized and unrealized)	(305 492)	(12 396)	(317 888)
Net transfers	(205 839)	(21 006)	(226 845)
Endowment Net Assets, End of Year	$ 2 352 112	$ 79 286	$ 2 431 398

11. RETIREMENT BENEFITS:

The Organization maintains a contributory defined contribution pension plan which provides for retirement benefits. Employees are fully vested upon entering the plan.

Total retirement expense was $17,419 and $15,595 for the years ended December 31, 2023 and 2022, respectively.

12. LEASES:

The Organization adopted ASU 2016-02, Leases (Topic 842) ("ASC 842") on January 1, 2022 on a modified retrospective basis. As a result, the Organization's lease disclosures as of and for the years ended December 31, 2023 and 2022, respectively, are reported under ASC 842.

Operating Lease

On November 10, 2020, the Organization entered into an agreement to lease office space at a new location beginning January 1, 2021 and ending on December 31, 2025. The monthly rent under this lease was initially $1,540, with annual escalations.

Capital Lease

The Organization entered into a capital lease agreement during June 2021 for the purchase of a copier. The lease calls for monthly payments of $159 per month for 60 months, at which time the copier can be purchased at a bargain purchase price.

	Finance Leases	Operating Leases	Total
2024	1 919	19 227	21 146
2025	1 919	19 611	21 530
2026	960		960
Total lease payments	4 798	38 838	43 636
Less: Interest	(688)	(1 189)	
Present value of lease liabilities	$ 4 110	$ 37 649	

12. LEASES: (Continued)

The components of lease expense were as follows:

Lease Cost	**2023**	**2022**
Operating lease cost	$ 19 603	$ 19 042
Finance lease cost		
Amortization of leased assets	1 427	1 427
Interest on lease liabilities	598	750
Total Lease cost	$ 21 628	$ 21 219

Supplemental financial statement information related to leases were as follows:

Leases	**Classification**	**2023**	**2022**
Asset			
Operating	Operating lease right-to-use assets	$ 36 895	$ 54 457
Finance	Property and equipment, gross	7 133	7 133
Finance	Accumulated depreciation	(3 269)	(1 843)
Total lease assets		$ 40 759	$ 59 747

Liabilities		**2023**	**2022**
Current			
Operating	Current obligations under leases	$ 18 326	$ 17 370
Finance	Current obligations under leases	1 494	1 321
Noncurrent			
Operating	Obligations under leases	19 322	37 649
Finance	Obligations under leases	2 616	4 110
Total lease Liabilities		$ 41 758	$ 60 450

12. LEASES: (Continued)

Lease Term and Discount Rate	
Weighted average remaining lease term (years)	
Operating leases	2.0
Finance leases	2.5
Weighted average discount rate	
Operating leases	3.25%
Finance leases	12.25%

Supplemental cash flow information related to leases was as follows:

Other Information	**2023**	**2022**
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 18 850	$ 18 480
Operating cash flows for finance leases	1 919	1 919
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases		71 469

13. SUBSEQUENT EVENTS:

Management has evaluated subsequent events through the date which the financial statements were available to be issued.