



THE PREEMPTIVE LOVE COALITION

Financial Statements
With Independent Auditors' Report

December 31, 2020 and 2019

THE PREEMPTIVE LOVE COALITION

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Notes to Financial Statements	7

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Preemptive Love Coalition
Hewitt, Texas

We have audited the accompanying financial statements of The Preemptive Love Coalition (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
The Preemptive Love Coalition
Hewitt, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Preemptive Love Coalition as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
October 27, 2021

THE PREEMPTIVE LOVE COALITION

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 2,726,405	\$ 2,964,076
Inventories–net	242,330	268,444
Investments	14,423,341	9,703,405
Prepaid expenses and other assets	269,668	85,856
Property and equipment–net	1,027,344	132,906
Total Assets	\$ 18,689,088	\$ 13,154,687
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 534,148	\$ 524,123
Net assets:		
Without donor restrictions	18,127,145	12,565,460
With donor restrictions	27,795	65,104
Total net assets	18,154,940	12,630,564
Total Liabilities and Net Assets	\$ 18,689,088	\$ 13,154,687

See notes to financial statements

THE PREEMPTIVE LOVE COALITION

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 12,350,603	\$ 994,130	\$ 13,344,733
Merchandise sales	1,230,879	-	1,230,879
Investment income	612,528	-	612,528
Other revenue	10,670	-	10,670
Total Support and Revenue	14,204,680	994,130	15,198,810
RECLASSIFICATIONS:			
Net assets released from restrictions	1,031,439	(1,031,439)	-
EXPENSES:			
Program services	6,390,808	-	6,390,808
Supporting activities:			
Management and general	1,474,877	-	1,474,877
Fundraising	1,808,749	-	1,808,749
	3,283,626	-	3,283,626
Total Expenses	9,674,434	-	9,674,434
Change in Net Assets	5,561,685	(37,309)	5,524,376
Net Assets, Beginning of Year	12,565,460	65,104	12,630,564
Net Assets, End of Year	\$ 18,127,145	\$ 27,795	\$ 18,154,940

See notes to financial statements

THE PREEMPTIVE LOVE COALITION

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 8,044,810	\$ 780,009	\$ 8,824,819
Merchandise sales	624,639	-	624,639
Investment income	980,513	-	980,513
Other revenue	98	-	98
Total Support and Revenue	9,650,060	780,009	10,430,069
RECLASSIFICATIONS:			
Net assets released from restrictions	797,797	(797,797)	-
EXPENSES:			
Program services	7,218,862	-	7,218,862
Supporting activities:			
Management and general	1,166,539	-	1,166,539
Fundraising	1,140,765	-	1,140,765
	2,307,304	-	2,307,304
Total Expenses	9,526,166	-	9,526,166
Change in Net Assets	921,691	(17,788)	903,903
Net Assets, Beginning of Year	11,643,769	82,892	11,726,661
Net Assets, End of Year	\$ 12,565,460	\$ 65,104	\$ 12,630,564

See notes to financial statements

THE PREEMPTIVE LOVE COALITION

Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 5,524,376	\$ 903,903
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	73,696	71,555
Inventory obsolescence	29,706	-
Realized/unrealized gain on investments	(440,995)	(761,656)
Interest and dividends reinvested	(171,533)	(218,857)
Noncash revenue recognition of paycheck protection program loan	(494,400)	-
Change in operating assets and liabilities:		
Inventories	(3,592)	(72,137)
Prepaid expenses and other assets	(183,812)	51,241
Accounts payable	10,025	392,752
Net Cash Provided by Operating Activities	4,343,471	366,801
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(4,107,408)	(60,023)
Purchases of property and equipment	(968,134)	(90,076)
Proceeds from sale of investments	-	500,000
Net Cash Provided (Used) by Investing Activities	(5,075,542)	349,901
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on note payable	-	(40,000)
Proceeds from paycheck protection loan program	494,400	-
Net Cash Provided (Used) by Financing Activities	494,400	(40,000)
Net Change in Cash and Cash Equivalents	(237,671)	676,702
Cash and Cash Equivalents, Beginning of Year	2,964,076	2,287,374
Cash and Cash Equivalents, End of Year	\$ 2,726,405	\$ 2,964,076
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Gift-in-kind property and equipment	\$ 5,665	\$ -
Paycheck protection program loan forgiveness	\$ 494,400	\$ -

See notes to financial statements

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

The Preemptive Love Coalition (the Organization) is a Texas nonprofit corporation established in 2008. As a nonprofit corporation, the Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the Code). The Organization is classified as a publicly supported organization, which is not a private foundation as defined by Section 509(a) of the Code.

The Organization is a global community of peacemakers working to end war and serves in the following areas across the world: Iraq, Syria, Israel & Palestine, Libya, Mexico, Iran, Korea, Venezuela, Colombia, and Lebanon. The Organization accomplishes its mission through program services described below:

Relief—We help fast, to stop the spread of violence. We provide food so war-torn families can survive, mobile and community-based medical care to reach them where they are, and shelter to ensure their safety. When families have what they need to hold on and hold out, they can start the journey back to wholeness sooner.

Jobs—We give help that lasts, to reduce the risk of war. We equip the next generation with digital jobs that can withstand any upheaval. We help refugees launch businesses using skills they already have, so they can work where they are. When people have the jobs they need, the risk of violence fades.

Community—We help heal the past, to change the ideas that lead to war. We provide content to educate and activate aspiring peacemakers. Through small, neighborhood gatherings around the world, we create connection that can bridge every division. When we step across enemy lines and sit down together, we can stop the next war before it starts.

The primary source of support and revenue for the Organization is contributions received from the general public, private foundations, corporations, and partner organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

The preparation of the Organization's financial statements in conformity with accounting principles generally accepted in the United States 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.

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

For purposes of these statements, cash and cash equivalents includes cash on hand, checking, and savings accounts. While occasionally deposits may be in excess of federally insured limits, the Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At December 31, 2020 and 2019, the Organization's cash balances exceeded federally insured limits by \$2,477,002 and \$2,716,240, respectively.

INVENTORIES—NET

Inventories are valued at the lower of cost (using the average cost method) or net realizable value and consists primarily of merchandise produced and sold by the Organization such as soap, shirts, and books. Management has determined the allowance for obsolescence by reviewing product sales history and current market performance. Special consideration is given to products that are new or deemed by management to be long-lived. Actual losses are recorded as a charge to the allowance as incurred, and additions to the allowance are charged to cost of goods sold.

INVESTMENTS

Investments in marketable equity securities with readily determinable fair values and all debt securities are recorded at fair value based on the last reported sales price on the valuation date. Other investments are reported at cost. Donated investments are recorded at fair value at the date of donation and are thereafter carried in conformity with the stated policy. Interest and dividend income and the realized and unrealized gains and losses on marketable securities are included in investment income (loss) in the accompanying statements of activities.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from one to thirty-nine years. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset value or extend useful lives are capitalized. Acquisitions of property and equipment in excess of \$2,500 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statements of activities.

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations or designated by the board for specific use. Equity in property and equipment represents amounts invested in property and equipment net of accumulated depreciation. The Organization's board designated net assets represent amounts not to be used for daily operations and held for emergency purposes only.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Merchandise sales are recognized when goods are shipped to customers. All other non-contribution revenues are recognized when earned and contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications. Support with donor restrictions which has been fully expended for their intended purposes within the reporting period are reported as support without donor restrictions.

The Organization reports donations of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods are recorded at fair value at the date of the gift.

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses are recorded when costs are incurred in accordance with the accrual basis of accounting. The costs of providing the program services and supporting activities of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following table reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Organization considers general expenditures to be all expenditures related to its ongoing activities to accomplish its mission, as well as the conduct of services undertaken to support those activities to be general expenditures.

	December 31,	
	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 2,726,405	\$ 2,964,076
Investments	14,423,341	9,703,405
Financial assets, at year-end	17,149,746	12,667,481
Less those unavailable for general expenditure within one year, due to:		
Board designated reserves	(750,000)	(750,000)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$16,399,746</u>	<u>\$11,917,481</u>

As part of the Organization'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. Board designated reserves can be released upon resolution of the board and used for general expenditures. At December 31, 2020, the Organization has \$27,795 available in net assets with donor restrictions for specific project support. These funds are considered available to meet needs for general expenditures as funds are used for their donor restricted purposes.

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

4. INVENTORIES—NET:

Inventories—net consist of the following:

	December 31,	
	2020	2019
Finished goods	\$ 272,036	\$ 268,444
Reserve for excess and obsolete items	(29,706)	-
	\$ 242,330	\$ 268,444

5. INVESTMENTS:

Investments consist of:

	December 31,	
	2020	2019
Held at cost:		
Cash and cash equivalents	\$ 7,425,261	\$ 74,805
Held at fair value:		
Preferred stock	522,311	32,527
Mutual funds	-	3,495,014
Fixed income	2,612,840	3,313,209
Exchange-traded funds	3,862,929	2,787,850
	6,998,080	9,628,600
	\$14,423,341	\$ 9,703,405

	Year December 31,	
	2020	2019
Investment income consists of:		
Realized/unrealized gain	\$ 440,995	\$ 761,656
Interest and dividends—net of fees	171,533	218,857
	\$ 612,528	\$ 980,513

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consist of:

	December 31,	
	2020	2019
Building	\$ 404,765	\$ -
Leasehold improvements	27,148	19,787
Equipment	174,159	139,082
Vehicles	104,200	92,900
	710,272	251,769
Less accumulated depreciation	(192,559)	(118,863)
	517,713	132,906
Construction in progress	509,631	-
	\$ 1,027,344	\$ 132,906

7. NET ASSETS WITH DONOR RESTRICTIONS:

The following is a summary of the activity for net assets with donor restrictions for the years ended December 31, 2020 and 2019:

	1/1/2020 Balance	Contributions	Released from Restrictions	12/31/2020 Balance
Paycheck protection loan program	\$ -	\$ 494,400	\$ (494,400)	\$ -
Empowerment grants	65,104	499,730	(537,039)	27,795
	\$ 65,104	\$ 994,130	\$ (1,031,439)	\$ 27,795
	1/1/2019 Balance	Contributions	Released from Restrictions	12/31/2019 Balance
Empowerment grants	\$ 82,892	\$ 780,009	\$ (797,797)	\$ 65,104

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

8. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the FASB ASC 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 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 inputs are not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2020 and 2019:

	Fair Value Measurements at			
	December 31, 2020			
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Preferred stock	\$ 522,311	\$ -	\$ -	\$ 522,311
Fixed income	2,612,840	-	-	2,612,840
Exchange-traded funds	3,862,929	-	-	3,862,929
Total investments, at fair value	<u>\$ 6,998,080</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,998,080</u>
	Fair Value Measurements at			
	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Investments, at fair value:				
Preferred stock	\$ 32,527	\$ -	\$ -	\$ 32,527
Mutual funds	3,495,014	-	-	3,495,014
Fixed income	3,313,209	-	-	3,313,209
Exchange traded funds	2,787,850	-	-	2,787,850
Total investments, at fair value	<u>\$ 9,628,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,628,600</u>

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

8. FAIR VALUE MEASUREMENTS, continued:

Methods and assumptions used by the Organization in estimating fair values are as follows:

Valuation techniques: Fair values for mutual funds, stocks, certain corporate debt securities, municipal bonds, U.S. government obligations, and exchanged traded funds are based on quoted market prices or dealer quotes.

Changes in valuation techniques: None.

9. EXPENSES BY BOTH NATURE AND FUNCTION:

The statements of activities report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related benefits are allocated based on employee time and effort. All other categories were allocated based on programmatic purpose and time spent by the employees directly affected by the expense.

Functional expenses by natural classification as of December 31, 2020:

	Program Services	Supporting Activities			Total Expenses
		Management and General	Fundraising	Total Supporting Activities	
Grants to partners	\$ 957,423	\$ -	\$ -	\$ -	\$ 957,423
Salaries and related benefits	2,784,254	810,762	809,184	1,619,946	4,404,200
Office, supplies, and other	1,295,661	136,480	880,519	1,016,999	2,312,660
Professional fees and services	216,754	470,160	119,046	589,206	805,960
Cost of goods sold	517,276	57,475	-	57,475	574,751
Empowerment, relief, and jobs	619,440	-	-	-	619,440
	\$ 6,390,808	\$ 1,474,877	\$ 1,808,749	\$ 3,283,626	\$ 9,674,434

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

9. EXPENSES BY BOTH NATURE AND FUNCTION, continued:

Functional expenses by natural classification as of December 31, 2019:

	Program Services	Supporting Activities		Total Supporting Activities	Total Expenses
		Management and General	Fundraising		
Grants to partners	\$ 2,498,182	\$ -	\$ -	\$ -	\$ 2,498,182
Salaries and related benefits	2,419,954	669,161	669,099	1,338,260	3,758,214
Office, supplies, and other	1,358,375	117,161	354,447	471,608	1,829,983
Professional fees and services	222,646	337,318	117,219	454,537	677,183
Cost of goods sold	386,090	42,899	-	42,899	428,989
Empowerment, relief, and jobs	333,615	-	-	-	333,615
	\$ 7,218,862	\$ 1,166,539	\$ 1,140,765	\$ 2,307,304	\$ 9,526,166

10. RELATED PARTY TRANSACTIONS:

A member of management sat on the board of directors of a not-for-profit that incubates and launches woman-led businesses. This not-for-profit provided merchandise to be sold in the Organization's online store. Merchandise was purchased at cost and branded for the Organization. During the year ended December 31, 2019, the member of management no longer sat on the board of this not-for-profit.

11. DONOR CONCENTRATION:

During the year ended December 31, 2020, no donor concentration was identified. During the year ended December 31, 2019, the Organization received 9% of total contribution support from one donor. The Organization's operations and program services could be impacted if this donor relationship was to be terminated and could not be replaced by new donor(s) with comparable donations.

12. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Academy for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

THE PREEMPTIVE LOVE COALITION

Notes to Financial Statements

December 31, 2020 and 2019

12. RISKS AND UNCERTAINTIES, continued:

As part of the uncertainties related to COVID-19, the Organization received a Paycheck Protection Program (PPP) Loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The Organization was approved for and received a loan in the amount of \$494,400. For the year ended December 31, 2020, in accordance with FASB ASC 958-605, the Organization has simultaneously recognized a contribution with donor restrictions and a release for same amount in the accompanying statements of activities. Based on the provisions included in the CARES Act, the loan agreement provides for loan forgiveness up to the full amount of the loan provided the Organization overcomes (meets) certain loan stipulations.

Effective November 2020, the Organization received notification of forgiveness from the SBA for the full PPP loan amount.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through October 27, 2021, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.