

FIND YOUR LIGHT FOUNDATION

FINANCIAL STATEMENTS

December 31, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Find Your Light Foundation

Opinion

We have audited the accompanying financial statements of Find Your Light Foundation (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Find Your Light Foundation as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Find Your Light Foundation 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 the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 Find Your Light Foundation'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 Find Your Light Foundation'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.



Long Beach, California
September 6, 2024

FIND YOUR LIGHT FOUNDATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

ASSETS

ASSETS

Cash and cash equivalents	\$ 43,025
Pledges receivable	30,000
Investments	5,500,600
Other assets	<u>43,277</u>
TOTAL ASSETS	\$ <u>5,616,902</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accrued expenses	\$ 17,021
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>5,599,881</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>5,616,902</u>

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

FIND YOUR LIGHT FOUNDATION

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>
REVENUE AND SUPPORT	
Contributions	\$ 269,118
Wine gala, net of direct benefit expenses of \$270,565	705,266
Investment income	<u>666,058</u>
Total Revenue and Support	<u>1,640,442</u>
EXPENSES	
Program services	797,893
Management and general	<u>149,365</u>
Total Expenses	<u>947,258</u>
CHANGE IN NET ASSETS	693,184
NET ASSETS AT BEGINNING OF YEAR	<u>4,906,697</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,599,881</u>

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

FIND YOUR LIGHT FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 40,615	\$ 43,231	\$ 83,846
Employee benefits	3,418	8,478	11,896
Grants	751,000	-	751,000
Professional services	-	81,824	81,824
Travel and entertainment	-	1,118	1,118
Office expenses	-	8,992	8,992
Miscellaneous	<u>2,860</u>	<u>5,722</u>	<u>8,582</u>
Total expenses	<u>\$ 797,893</u>	<u>\$ 149,365</u>	<u>\$ 947,258</u>

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

FIND YOUR LIGHT FOUNDATION

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in unrestricted net assets	\$ 693,184
Adjustments to reconcile change in unrestricted net assets to net cash from operating activities:	
Realized and unrealized gains on investments	(477,405)
Reinvested dividend interests	(188,653)
Stock donation received	(106,520)
Changes in assets and liabilities:	
Pledges receivable	(28,936)
Prepaid expenses	49,946
Other assets	(19,087)
Accrued expenses	3,344
Net Cash Used In Operating Activities	<u>(74,127)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of investments	(2,082,579)
Proceeds from sale of investments	<u>2,061,627</u>
Net Cash Used In Investing Activities	<u>(20,952)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(95,079)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>138,104</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 43,025</u>

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

FIND YOUR LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1 – Summary of Significant Accounting Policies

Nature of Foundation

Find Your Light Foundation (the Foundation) was established in 2004 as a California Nonprofit Benefit Corporation. The Foundation offers various grants to different not-for-profit organizations and charities with the mission to provide children with the opportunity to experience a quality arts education.

The primary source of funding for the Foundation's charitable activities are contributions and income generated from investments.

Financial Statement Presentation

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions - Net assets subject to donor-imposed restrictions that are temporary in nature and that will be met either by actions of the Foundation or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statement of activities as net assets released from restrictions. Other donor stipulations are perpetual in nature, where the donor stipulates that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. Such income generally includes interest, dividends, and realized and unrealized earnings from the corpus. As of December 31, 2023, the Foundation had no net assets with donor restrictions.

Use of Estimates and Assumptions

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

FIND YOUR LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

The Foundation maintains cash and cash equivalents with financial institutions. At times during the year, such cash and cash equivalent balances may exceed federally insured limits. The Foundation has not experienced any losses and believes they are not exposed to any significant risk of loss on the Foundation's cash and cash equivalent balances.

Cash and Cash Equivalents

Cash and cash equivalents include cash held in checking accounts and all highly liquid investments with original maturities of three months or less.

Investments

Investments in securities that are traded on national or international securities exchanges are carried at fair value based upon quoted market prices provided. The fair value of investments is valued at the closing price on the last business day of the fiscal year.

Investment purchases and sales are accounted for on a trade-date basis. Interest and dividend income are recorded when earned. Realized gains and losses are recorded as the difference between historical cost and fair value when an investment is sold. Unrealized gains and losses are recorded for the change in fair value of investments. Gains or losses (including investments bought, sold, and held during the year), interest, and dividend income are reflected collectively as investment income on the statement of activities.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

The Foundation's investment objective is to provide for long-term growth, while preserving capital sufficient to fund the grants, qualifying distributions, and operating costs of the Foundation in perpetuity.

FIND YOUR LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and contributions, distinguishing between contributions received for each net asset class in accordance with donor-imposed restrictions. Conditional pledges are recorded when such conditions have been satisfied. An allowance for uncollectable contributions receivable is provided, based on management's judgment, including such factors as prior collection history, type of donation, nature of fundraising activity, and when time requirements are expected to be met. Management believes the remaining outstanding receivables as of December 31, 2023 are collectable in full and, accordingly, no allowance for uncollectable receivables has been provided. Receivables expected to be collected in more than 12 months are recorded at the net present value of the estimated future cash flows, when such a discount is determined to be material.

Fair Value of Financial Instruments

Current accounting standards define fair market value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. These standards categorize the method for determining the fair market value into three levels.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Income Taxes

The Foundation has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code (IRC) and Section 23701(d) of the Revenue and Taxation Code, respectively. The Foundation recognizes the financial statement benefit of tax positions, such as its filing status as tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Foundation is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal purposes is three years and for California purposes is four years.

FIND YOUR LIGHT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2023

NOTE 1 – Summary of Significant Accounting Policies (Continued)

Excise Taxes

Effective January 1, 2020, the IRC imposes a flat 1.39% excise tax on Section 501(c)(3) private foundations' net investment earnings regardless of the foundations' distributions. The Foundation pays their excise tax in quarterly estimated installments.

Allocation of Functional Expenses

Expenses directly identifiable and benefitting a program or management and general are charged directly. All other expenses are allocated based on estimates made by management.

Recently Adopted Accounting Pronouncement

Beginning January 1, 2023, the Foundation adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and its related amendments, which replaces the incurred loss methodology with an expected loss methodology referred to as the current expected credit loss (CECL) methodology. This ASU requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU also requires the Foundation to use forward-looking information to better formulate its credit loss estimates.

The ASU permits the use of either a prospective transition method or a modified-retrospective transition method with the cumulative-effect adjustment to the opening balance of retained earnings. The Foundation has elected the use of the modified-retrospective transition method. The transition method selected resulted in no adjustment to the opening balance of net assets.

Subsequent Events

The Foundation's management has evaluated subsequent events from the statement of financial position date through September 6, 2024, the date the financial statements were available to be issued for the year ended December 31, 2023, and determined there are no additional matters to disclose.

FIND YOUR LIGHT FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 2 – Liquidity and Availability of Resources

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

Cash and cash equivalents	\$	43,025
Pledges receivable		30,000
Investments		<u>5,500,600</u>
		<u>5,573,625</u>
Less amounts not available to be used within one year due to:		
Long-term pledges receivable		<u>(30,000)</u>
Financial assets available to meet general expenditures within one year:	\$	<u>5,543,625</u>

The Foundation maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – Investments

At December 31, 2023, the Foundation’s investments are set forth in tables by level within the fair value hierarchy as follows:

	Fair Value				Cost
	Level 1	Level 2	Level 3	Total	
Money market	\$ -	\$ 1,458,343	\$ -	\$ 1,458,343	\$ 1,450,828
Mutual funds	3,403,542	-	-	3,403,542	3,190,339
Exchange traded funds	<u>638,715</u>	<u>-</u>	<u>-</u>	<u>638,715</u>	<u>361,421</u>
	<u>\$ 4,042,257</u>	<u>\$ 1,458,343</u>	<u>\$ -</u>	<u>\$ 5,500,600</u>	<u>\$ 5,002,588</u>

FIND YOUR LIGHT FOUNDATION

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 3 – Investments (Continued)

For the year ended December 31, 2023, the composition of net investment income is as follows:

Dividend and interest income	\$ 197,761
Realized and unrealized gain on investments	477,405
Less investment fees	<u>(9,108)</u>
 Net investment income	 <u>\$ 666,058</u>

NOTE 4 – Wine Gala

The Foundation held a fundraising wine gala during the year ended December 31, 2023. The activities for the events are summarized as follows:

Contributions	\$ 975,831
Less direct expenses	<u>(270,565)</u>
	 <u>\$ 705,266</u>

NOTE 5 – Related-Party Transactions

During the year ended December 31, 2023, the president of the Foundation made stock contributions of approximately \$101,000.