TISBEST PHILANTHROPY

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

JUNE 30, 2021

Jones & Associates PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
TisBest Philanthropy
Seattle, Washington

We have audited the accompanying financial statement of TisBest Philanthropy (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year 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 auditor's 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TisBest Philanthropy as of June 30, 2021, 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.

Jones & Associates PLLC, CPAs

Jones & Associates, LLC CPAs
April 4, 2022

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TISBEST PHILANTHROPY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

ASSETS	
Cash and cash equivalents	$ 1,116,515
Accounts receivable	15,409
Prepaid expenses	8,207
Inventory and other	29,187
Current assets	1,169,318
	$ 1,169,318
LIABILITIES AND NET ASSETS	
LIABILITIES	
Accounts payable	$ 28,559
Accured expenses	26,125
Charity gift cards payable	808,968
Current liabilities	863,652
Note payable	150,000
	1,013,652
NET ASSETS	
Without donor restriction	155,666
	$ 1,169,318

NET ASSETS WITHOUT DONOR RESTRICTIONS	
SUPPORT AND REVENUE	
Contributions - charitable gift cards (net)	$ 10,757,267
Contributions - all other	163,847
Program service fees and other	103,050
Interest income	4,023
Total support and revenue	11,028,187
EXPENSES	
Program - gift cards and charitable contributions	10,420,450
Management and general	188,250
Fundraising	125,654
Total expenses	10,734,354
CHANGE IN NET ASSETS	293,833
NET ASSETS	
Beginning of the year	(138,167)
End of the year	$ 155,666

	Program	Management and general	Fund-raising	Total
Grants and charitable contributions	$ 9,232,002	$ -	$ -	$ 9,232,002
Information technology	315,688	59,191	19,731	394,610
Advertising and promotion	272,073	-	48,013	320,086
Professional services	184,860	50,089	30,006	264,955
Salaries and wages	211,017	36,458	15,078	262,553
Bank and credit card fees	76,752	14,391	4,797	95,940
Office expenses	48,377	9,031	3,048	60,456
Payroll taxes and benefits	34,064	6,387	2,129	42,580
Occupancy	28,193	5,286	1,762	35,241
Postage and shipping	10,547	1,978	659	13,184
Communication	4,038	757	253	5,048
Insurance	-	4,150	-	4,150
Dues and subscriptions	1,639	307	103	2,049
Training and professional development	1,200	225	75	1,500
	$ 10,420,450	$ 188,250	$ 125,654	$ 10,734,354

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from contributions, program services and other	$ 10,949,355
Cash received from interest	4,023
Cash paid to employees and suppliers	(1,498,457)
Cash paid to charities	(9,068,478)
	386,443
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from note payable	150,000
	150,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	536,443
CASH AND CASH EQUIVALENTS	
Beginning of the year	580,072
End of the year	$ 1,116,515
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES	
Gain on forgiveness of note payable	$ 64,440

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – TisBest Philanthropy (the Organization) is a Washington state non-profit corporation. The Organization connects businesses and individuals with important causes by replacing gifts of 'stuff' with gifts of 'good'. Towards that end, the Organization offers the TisBest Charity Gift Card, which allows the gift giver to make a charitable donation, and the gift recipient to choose a nonprofit organization to receive the donation. The Organization maintains each Charity Gift Card in the nature of a small donor advised fund over which the holder of the Charity Gift Card maintains advisory privileges. The Organization reserves a right to redirect the use of the donations. Through its website, the Organization provides an efficient and easy to use conduit for individuals to make gifts of such charitable contributions and to provide Charity Gift Card recipients with a broad array of charities from which to select. Support and similar programs are generated primarily from purchases of Charity Gift Cards through the Organization's website.

Basis of Accounting and Presentation – The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions may be 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 may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. It is the Organization's policy to recognize contributions with donor restrictions within the net assets without donor restrictions class if the restrictions have been met in the same year. There were no net assets with donor restrictions either temporary or perpetual in nature as of June 30, 2021.

Cash and Cash Equivalents – For purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At June 30, 2021, cash and cash equivalents consist of checking and money market accounts. The Organization maintains certain cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Accounts Receivable – Accounts receivable consist of unsecured amounts due from various organizations for purchases of Charity Gift Cards. Management has determined that the receivables are fully collectible within one year. Therefore, no allowance for uncollectible accounts is considered necessary at June 30, 2021.

Inventory – Inventory consists of pre-printed plastic cards and other related materials necessary to produce the Charity Gift Cards. Inventory is stated at the lower of cost or market and is determined using the first-in, first-out method.

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Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment – Property and equipment are stated at cost if purchased and estimated fair value if donated. The Organization capitalizes all assets with an estimated useful life of over one year and a cost over $5,000. Depreciation is computed using the straight-line method over the asset's estimated useful life. At June 30, 2021, no property and equipment met the requirement for capitalization

Revenue Recognition – Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Revenue from program income is recognized when control of these services is transferred to its customers, in an amount that reflects the consideration the Organization expects to be entitled to in exchange for the services provided.

Functional Allocation of Expenses – The financial statements report certain categories of expenses that are attributable to a program or supporting functions of the Organization. Those expenses include salaries and wages, payroll taxes and benefits, grants and charitable contributions, professional services, advertising and promotion and information technology. Labor costs are allocated based on estimates of time and effort and expenses are allocated based on estimates of time and money.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income Tax Status – TisBest Philanthropy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

Subsequent Events – The Organization evaluated subsequent events through April 4, 2022, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30, 2021:

Financial Assets		
Cash and cash equivalents	$	1,116,515
Accounts receivable		15,409
Total financial assets		1,131,924
Less those unavailable for general expenditures within one year:		
Charity gift cards payable		(808,968)
Financial assets available within one year	$	322,956

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of gift card purchases. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. Management believes the Organization is in a sound financial position to address any seasonal fluctuations.

Note 3 – Charity Gift Cards Payable

Charity gift cards payable consists of the following at June 30, 2021:

Unspent cards	$	319,003
Cards spent and checks not issued		238,678
Contracted cards not yet issued		193,150
Checks to be reissued		36,902
Uncashed checks		21,235
	$	808,968

Note 4 – Office and Copier Lease Commitment

The Organization leases office space with terms through July 2023. It also leases a copier with terms through September 2021. Total rent expense under these leases totaled $33,057 for the year ended June 30, 2021. Future minimum lease payments are as follows for the years ending June 30:

2022	$	26,157
2023		26,946
	$	53,103

Note 5 – Note Payable

The Organization has a loan payable to a bank with an original balance of $150,000. The loan is secured by an interest in all the Organization's property, payable in monthly installments of $641 starting in July, 2022, at an interest rate of 2.75% and matures in June, 2050.

The following is a schedule of future minimum principal payments under the loan for the years ending June 30:

2023	$ 3,562
2024	3,663
2025	3,766
2026	3,873
Thereafter	135,136
	$ 150,000

Note 6 – Related Party Transactions

Truckee Technology, LLC ("Truckee") licenses key intellectual property relating to the TisBest Charity Gift Card Program to the Organization, including brand and website, and provides related support services to the Organization. In return for this license and support, the Organization pays a fee to Truckee, which in the year ending June 30, 2021, was $393,576 (3.7% of total contributions to the Organization relating to the Charity Gift Card Program). The majority owner of Truckee served as fiscal controller for the Organization during the year ended June 30, 2021.

Note 7 – Risks and Uncertainties

In December 2019, a novel strain of coronavirus (COVID-19) was first reported. On March 11, 2020, the World Health Organization declared the outbreak to be a global pandemic. The resulting economic crisis created significant need in the local community for services offered by the Organization and similar agencies. While significant uncertainty remains, the Organization does not believe the COVID-19 outbreak will have a negative impact on its ability to raise additional financing or continue to support its mission.