

BELOVED COMMUNITY
New Orleans, Louisiana

Report on Audit of Financial Statements

For the Year Ended June 30, 2023

BELOVED COMMUNITY

New Orleans, Louisiana

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1 - 3
FINANCIAL STATEMENTS:	
Statement of Financial Position.....	4
Statement of Activities and Changes in Net Assets.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
INDEX TO NOTES TO THE FINANCIAL STATEMENTS.....	8
NOTES TO THE FINANCIAL STATEMENTS.....	9 - 13

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Beloved Community

Opinion

We have audited the accompanying financial statements of Beloved Community (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 Beloved Community as of June 30, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Beloved Community 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 Beloved Community's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Beloved Community'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 Beloved Community'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.

A handwritten signature in black ink that reads "Bandy Hiley, CPA". The signature is written in a cursive style with a large initial "B" and "H".

Memphis, Tennessee
December 15, 2023

BELOVED COMMUNITY
Statement of Financial Position
June 30, 2023

ASSETS

	2023
CURRENT ASSETS:	
Cash and cash equivalents - without donor restrictions	\$ 338,538
Accounts Receivable - <i>Program Service Fees</i>	201,880
Accounts Receivable - <i>Grants</i>	1,355,155
Total Current Assets	1,895,573
 FIXED ASSETS:	
Property and equipment, net	1,608,459
 OTHER ASSETS:	
Restricted Cash	653,528
Security Deposits	6,253
TOTAL ASSETS	\$ 4,163,813

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable and accrued expenses	\$ 397,877
Payroll related liabilities	265
Total Current Liabilities	398,142
Unearned Revenue	1,216,129
Total Liabilities	1,614,271
 NET ASSETS:	
Without donor restrictions	296,895
With donor restrictions	2,252,647
Total Net Assets	2,549,542
TOTAL LIABILITIES AND NET ASSETS	\$ 4,163,813

The accompanying notes are an integral part of these financial statements

BELOVED COMMUNITY
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND OTHER REVENUES:			
Grants and donations	\$ 4,182,719	\$ 2,625,000	\$ 6,807,719
Program service fees	717,398	-	717,398
Miscellaneous & interest income	86,795	-	86,795
Other income	1,273	-	1,273
Individual donations	-	-	-
Net assets released from restrictions	<u>539,020</u>	<u>(539,020)</u>	<u>-</u>
TOTAL SUPPORT AND OTHER REVENUES	5,527,205	2,085,980	7,613,185
FUNCTIONAL EXPENSES:			
Program Services	3,005,846	-	3,005,846
Management and General	3,556,134	-	3,556,134
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total Functional Expenses	<u>6,561,980</u>	<u>-</u>	<u>6,561,980</u>
Increase (Decrease) in Net Assets	(1,034,775)	2,085,980	1,051,205
NET ASSETS AT BEGINNING OF YEAR	<u>1,331,670</u>	<u>166,667</u>	<u>1,498,337</u>
RECLASS OF NET ASSETS WITH AND WITHOUT RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 296,895</u>	<u>\$ 2,252,647</u>	<u>\$ 2,549,542</u>

The accompanying notes are an integral part of these financial statements

BELOVED COMMUNITY
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Equity at Work	Equity Audit Tool Suite	Equity in Schools	Total Program Services	Management and General	Fundraising	Total
Admin wages	\$ -	\$ 76,065	\$ -	\$ 76,065	\$ 1,180,259	\$ -	\$ 1,256,324
Programming wages	431,781	86,932	226,481	745,194	697,377	-	1,442,571
Taxes	32,337	12,151	16,787	61,275	171,520	-	232,795
Benefits	5,443	2,744	1,528	9,715	235,265	-	244,980
Advertising and marketing	30,706	91,214	1,000	122,920	69,365	-	192,285
Professional services	1,396,459	177,382	62,939	1,636,780	478,329	-	2,115,109
Other services	32,255	-	1,670	33,925	4,634	-	38,559
Direct program costs	188,826	-	10,607	199,433	80,207	-	279,640
Team travel	40,485	12,618	10,161	63,264	101,917	-	165,181
Partner travel	12,416	-	644	13,060	21,044	-	34,104
Materials & supplies	1,589	-	10	1,599	43,094	-	44,693
Technology & software	651	815	-	1,466	69,117	-	70,583
Property occupancy	210	-	-	210	48,669	-	48,879
Dues & fees	1,627	39,304	9	40,940	27,615	-	68,555
Depreciation	-	-	-	-	327,722	-	327,722
TOTAL EXPENSES	\$ 2,174,785	\$ 499,225	\$ 331,836	\$ 3,005,846	\$ 3,556,134	\$ -	\$ 6,561,980

The accompanying notes are an integral part of these financial statements

BELOVED COMMUNITY
Statement of Cash Flows
For the Year Ended June 30, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES:	
Increase (Decrease) in net assets	\$ 1,051,205
Adjustments to Reconcile Net Income to Net Cash	
Provided/(Used) by Operating Activities:	
(Increase) decrease in:	
Depreciation	327,722
Grants and contributions receivable	(55,155)
Security deposits	(6,253)
Accounts receivable	(13,615)
Increase (decrease) in:	
Accounts payable	(113,008)
Payroll liabilities	265
Accrued expenses	(229,313)
Unearned revenue	<u>1,361,276</u>
Net Cash Provided by Operating Activities	<u>2,323,124</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investment	(788,119)
Proceeds from sales of investment	<u>-</u>
Net Cash Provided By Investing Activities	<u>(788,119)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,535,005
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,068,874</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,603,879</u>
Restricted Cash	\$ 653,528
Unrestricted Cash	<u>338,538</u>
	<u>\$ 992,066</u>

The accompanying notes are an integral part of these financial statements

BELOVED COMMUNITY
New Orleans, Louisiana

INDEX TO NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND ACTIVITIES.....9

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES.....9 - 12

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES.....12 - 13

NOTE 4 - SUBSEQUENT EVENTS.....13

BELOVED COMMUNITY
Notes to the Financial Statements
For the Year Ended June 30, 2023

NOTE 1 - ORGANIZATION AND ACTIVITIES:

Beloved Community (the "Organization") is a non-profit corporation organized in the State of Louisiana. The Organization's purpose is to catalyze people and institutions to implement sustainable cross-sector diversity and equity practices that result in economic growth for their region.

In January 2017, the Organization was approved to do business, and began operations as of January 2017.

The Organization's programs and initiatives include: consulting services, online audits and assessments, and research and development.

The Organization provides consulting services for individual clients and cohorts of clients in New Orleans, Memphis, and Indianapolis. The Organization's primary capital is human capital and professional services. In times of racial unrest and discrimination lawsuits, their work is in high demand.

The Organization provides audits and planning tools for organizations across the United States with their copyrighted, proprietary tools. The audits and assessments are not affected by economic, political or social conditions. The tool agreements are governed by intellectual property and data privacy laws in Louisiana and have no history of noncompliance.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America ("GAAP").

Basis of Presentation

Beloved Community reports 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 - These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services and, receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions and performing administrative functions.

Net Assets With Donor Restrictions - These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted. As of June 30, 2023, Beloved Community's net assets were classified as follows:

Net Assets Without Donor Restrictions	\$ 296,895
Net Assets With Donor Restrictions	<u>2,252,647</u>
 Total Net Assets	 <u>\$ 2,549,542</u>

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Property and Equipment

Beloved Community's property and equipment are recorded at cost. Donated furniture and equipment are recorded at their fair market value at the date of gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets which is 3 to 7 years.

	Beginning Balance	Additions	Disposals	Ending Balance
Fixed Assets Being Depreciated				
Computer equipment	1,801	-	-	1,801
Software development	<u>750,480</u>	<u>1,241,866</u>	<u>-</u>	<u>1,992,350</u>
	<u>752,281</u>	<u>1,241,866</u>	<u>-</u>	<u>1,994,151</u>
Depreciation/Amortization				
Computer equipment	1,083	361	-	1,444
Software development	<u>56,883</u>	<u>327,361</u>	<u>-</u>	<u>384,244</u>
	<u>57,966</u>	<u>327,722</u>	<u>-</u>	<u>385,688</u>
 Net Fixed Assets	 <u>\$ 694,315</u>	 <u>\$ 914,144</u>	 <u>\$ -</u>	 <u>\$ 1,608,459</u>

Income Taxes

Beloved Community is exempt from income tax under Internal Revenue Code Section 501(c)(3), therefore, no provision for income taxes is necessary.

Management believes that all of the positions taken by the organization in its federal income tax returns are more likely than not to be sustained upon examination. Beloved Community files a U.S. Form 990 Return of Organization Exempt from Income Tax.

Cash and cash equivalents

Beloved Community considers all highly liquid investments instruments with maturity of three months or less to be cash equivalents. As of June 30, 2023, Beloved Community has donor restricted cash of \$201,880.

Concentration of Credit Risk

Beloved Community maintains its cash balances at various financial institutions where they are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the balances in the financial institutions may have exceeded the insured amount. Management does not believe this concentration of cash results in a high level of risk for the organization. At June 30, 2023, Beloved Community held a Amalgamated checking account with a balance of \$169,009, a Chase savings account with a balance of \$98,526, a Liberty checking account with a balance of \$71,002, and a Chase checking account with a balance of \$653,528, which exceeded the FDIC insurable limit of \$403,528.

Revenue Recognition and Contributed Support

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose of restriction is accomplished), 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.

Promises to Give

Contributions receivable are recognized at fair market value as revenues in the period in which there is sufficient evidence that an unconditional promise was received. Conditional promises are recognized when the conditions on which they depend are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected over periods in excess of one year are recorded at the present value of estimated cash flows beyond one year. Amortization of the discount is included in contribution revenue. The allowance for uncollectible amounts is estimated based upon historical collection rates and specific identification of uncollectible amounts. As of June 30, 2023, Beloved Community had unconditional promises to give of \$1,355,155 with \$0 recorded as an allowance for uncollectible accounts.

Functional Allocation of Expenses

Expenses that are directly identifiable are charged to program services, or general and administrative expenses as incurred. Expenses related to more than one function are allocated to program services, or management and general expense on the basis of management's estimates. Management and general expenses include those expenses that are not directly allocated with any other specific function but provide for the overall support and direction of the organization.

Advertising Expense

Beloved Community expenses the cost of advertising as the expense is incurred. For the year ended June 30, 2023, the cost totaled \$-.

Reclassifications

Certain reclassifications have been made to the 2022 financial statements in order to conform to the 2023 presentation.

Date of Management's Review

Subsequent events were evaluated through December 15, 2023, which is the date the financial statements were available to be issued.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Beloved Community regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. Beloved Community has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Beloved Community considers all expenditures related to its ongoing activities of catalyzing people and institutions to implement sustainable cross-sector diversity and equity practices that result in economic growth in their region to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, Beloved Community operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of Beloved Community's cash and shows positive cash generated by operations for fiscal year 2023.

As of June 30, 2023, the following tables show the total financial assets held by Beloved Community and the amounts of those financial assets that could readily be made available within one year of the balance sheet date to meet general expenditures:

Financial assets at year-end.

Cash and cash equivalents	\$ 992,066
Accounts Receivable -Program Service Fees	201,880
Security Deposits	6,253
Accounts Receivable - Grants	<u>1,355,155</u>
Total financial assets at year end	<u>\$ 2,555,354</u>

Financial assets available to meet general expenditures over the next 12 months.

Cash and cash equivalents	\$ 992,066
Accounts Receivable Program Service Fees (<i>net</i>)	201,880
Security Deposit	6,253
Accounts Receivable - Grants (<i>net</i>)	<u>1,355,155</u>
Total	2,555,354
Less Restricted Net Assets	<u>(2,252,647)</u>
Less Refundable Advances	<u>(1,216,129)</u>
Total financial assets available to meet general expenditures over the next 12 months	<u>\$ (913,422)</u>

The Organization has negative financial assets available for general operating expenditures over the next fiscal year as of June 30, 2023, as financial assets on hand must be used to satisfy obligations for refundable grant advances and net assets with donor restrictions. The Organization expects to generate approximately \$975,000 in unrestricted revenue from program service fees and product sales within the next fiscal year, which will be available for operating expenditures. Additionally, the Organization is actively seeking unrestricted operating grants, and has an available line of credit that can be utilized to meet temporary cash flow needs.

NOTE 4 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through December 15, 2023, which is the financial statement issuance date.